

Interest rate manipulation

BY MICHAEL BLANDEN

THE WEEKLY ritual of deciding the Bank of England's minimum lending rate took place as usual on Friday after the Treasury bill tender. The pretence that the rate is determined by market forces rather than as a conscious act of official policy had been cast aside, however, by the previous week's decision to revert to the old style of Bank rate announcement. While the MLR formula has proved to hold some advantages for the authorities, its drawbacks become apparent when an open policy decision is needed.

The formula and the unwieldy name are one of the main remaining features of the new era of Competition and Credit Control ushered in five years ago, though the MLR system was not in fact introduced until a year later in 1972. The emphasis of the new policy was placed firmly on the use of market instruments and particularly interest rates to control bank credit, rather than the cruder techniques of lending ceilings. The Bank felt it needed a more flexible instrument of control.

The MLR performs exactly the same functions as the Bank rate which it replaced. It represents the minimum rate at which the Bank will normally act as lender of last resort to the discount houses, is designed in such a way as to impose a penalty on the market in relation to the market interest rate levels and provides the mechanism through which the authorities influence the structure of short-term interest rates.

The Bank wanted strongly, however, to take away some of the drama which had traditionally been associated with the weekly Bank rate decision, the speculation ahead of the Thursday announcement, the worry about possible leaks and the photographs of shocked stockbrokers when the rate was increased to crisis levels such as 7 per cent.

To a considerable extent, this tactic has been successful, particularly in the periods when interest rates have been on the way down. The pattern has recently been for the rate to move up in substantial jumps of 1 per cent or more—increases have normally been associated with specific official moves to combat a crisis of one kind or another—and to come down in a series of small steps. In the period from November last year to March this year, it was possible under the present system for the rate to fall by a full 3 points without any single dramatic announcement or upheaval in the markets.

There has never been any doubt, though, about the extent to which the movements are influenced by the Bank or about who makes the real decisions. Technically, the recent increase in the markets.

Given the emphasis now being placed on monetary policy and the need for clear official control it may be questionable whether the MLR formula as it now operates still carries the advantages originally claimed by

to 15 per cent was only the second time since the system was introduced that the authorities have announced a change on their own bat with the delightful phrase that the normal formula "is suspended until such time as it is capable of being applied without reduction in the rate now established." The other occasion was in November, 1973, when direct instructions were also given to the clearing banks to follow the official rate up. In both cases, the market moved smartly into line.

But even within the normal formula, movements have rarely taken place without the guidance or at least the approval of the authorities. The Bank's influence is constantly present through direct operations in the open market or through the less formal guidance given to the discount houses in their meetings with Bank officials. The effect has been most obvious in periods when MLR has risen sharply. Sometimes, the Bank's influence has been discreet, but it is impossible to believe that increases of 1 per cent or more take place purely on the whim of the market. On other occasions, the Bank has given an open signal to the market and has been prepared to let the world know of its intentions and its reasons.

The Bank's power to affect the market is equally present, though, at times when movements are less dramatic. The gentle decline in the rate early this year could not have taken place unless the authorities had been prepared to accede to the market's inclination and even to encourage it. If the technique is different, therefore, the effect is much the same as with the old Bank rate: the level of short term interest rates is essentially determined by the Bank and the Treasury. And in periods of crisis the movements in MLR give rise to just as much guesswork and speculation in the market and can catch investors just as much on the hop, as used to happen before MLR was brought in.

Yet to the extent that the rate is related to the market, there have been occasions when it has apparently been less easy than under the old system for the authorities to retain their freedom of action. The outstanding example came when the pound first dropped below the 10 a day when the Bank nevertheless decided not to reverse a decision made previously to allow the market to take MLR down by a further 1 per cent.

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This loss of parliamentary

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To start with the diagnosis:

Lord Hailsham is right, although not very original in

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WORLD TRADE NEWS

Warning of damage to E. Europe trade

FINANCIAL TIMES REPORTER

THE LONDON Chamber of Commerce and Industry yesterday warned that further controls on East European exports to Britain, the Chamber pointed out that 46 per cent of them to trade prospects with those countries.

The chamber released the contents of a letter sent to Mr. Edmund Dell, Secretary of State for Trade, which expressed concern at the increasing number of dumping allegations.

The letter, from the Chamber's director, Mr. William Nicholas, said that the dumping duets reached significant proportions, often not based on fact, had potentially serious consequences for U.K. exporters to Eastern Europe if retaliation was provoked.

Mr. Nicholas added that growth in industrial development in Eastern Europe has presented increasingly attractive markets for Western manufacturers, especially of capital goods.

This, the Chamber believed, must inevitably entail increasing reciprocal efforts by the East European countries to increase their hard currency earnings in the West.

For many years the Chamber had worked vigorously with East European countries to promote an orderly and progressive development of two way trade, through appropriate marketing strategies.

"Moreover, it is believed inevitable that even when proper pricing policies and marketing methods are adopted, the East European share of the British market, particularly for manufactured goods, should increase," he said.

New computer

BURROUGHS has announced that it is to build a super computer to be used in solving complex problems such as those encountered in the control of large tanker fleets, in meteorology and in military logistic works.

The most common complaint from British industry is that the East Europeans are bringing large quantities of mainly light-industrial goods into Britain at prices which are frequently half those of the British product—and sometimes less than the cost of the raw materials. There is also the widely-held suspicion that the East Europeans' well-known trade deficit with the West has added urgency to their need to export. That impression is reinforced when the volume of the sensitive exports (which are mostly consumer goods) is set against the poor supply of their domestic markets.

It will be so powerful that it will use as its controller the big gest machine the company is at present building and installing, a £2m. giant Burroughs describes the machine as an array processor.

Trade surplus

Japan had a \$526m. trade surplus on a customs clearance basis in September following a \$64m. deficit in August, the Finance Ministry has announced.

Exports from Tokyo rose to \$6.1bn. from \$5.4bn. in August, while imports increased to \$5.6bn., from August's \$5.4bn.

Further extensions of import controls on East European products could only do damage to export prospects. Retaliatory action, against what would be construed as discriminatory action, might follow an extension of controls and Britain's prestige as a trading partner would also suffer.

The Chamber also said that East European trade should be seen in proper perspective as it still only accounted for some 3

per cent. of our total trade. Referring to the structure of East European exports to Britain, the Chamber pointed out that 46 per cent. of them to trade prospects with those countries.

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What adds to the East Europeans' annoyance is that their market share of the goods involved is usually very small—less than 1 per cent. in most cases though they have built up

much larger shares of very Romania, where productivity is

much lower, cheap suits for called "commercial" to the export are usually (and ironically "black market") it could be easily made on sophisticated thing from £5 to £20.

Western equipment, which compensates for the low skills of values are not directly compensated by parallel costs to the consumer.

They point out that the nature of British trade relations with the EEC and the Commonwealth effectively excludes these countries from dumping charges.

Relations with the U.S. and Japan are governed by trade agreements. Neither Britain nor

the EEC have trade agreements with East Europe, so it is an obvious target for dumping charges.

The drive to increase productivity is also an element to consider. The East Germans, for instance, explain that their cheap alarm clocks come out of a single production line which they designed themselves and which operates at high speed with only one man at the controls.

In other countries, like

Poland, Czechoslovakia, Hungary, Romania, Bulgaria, and Soviet Union, the gap created by the East

Europeans' non-convertible currencies. If a Bulgarian suit is manufactured for 17 leva, what is its Western value? Officially attempted to provide for the £10. But given the range of dumping charges arise, it was of the agenda,

held in ten owns a car, Several Comecon countries

accusations of being the were asked to accept voluntary

most frequent target of British

accusations of dumping. The exports to Britain earlier this year. There have been success-

complaints have been brought against East European goods in

themselves, though they admit that

their State-controlled economic

system enables them to price a

little more "flexibly." In the

clothing trade, where competition is particularly fierce, there

have been examples of the East

Europeans being undercut by

other countries, mainly in the

Far East, and having to drop

prices to support a case

against dumping is quite small.

The East Europeans maintain

that they fix their prices according to the market and not

their own costs. The question

of how to set a value on produc-

tion in Communist countries

remains crucial and

unanswered. This fact alone

makes Communist exports vul-

nerable to dumping charges,

and greatly complicates investi-

gation. What can be said in the

East Europeans' favour is that

past experience has taught them

the importance of running an

conomy on real rather than

arbitrary values. The gist of

all economic reform for the

last ten years has been in this

direction. The pace of change

has varied widely. Even the

concept of profits is spreading

as much as 25 per cent. to

force industrial management

into greater cost-consciousness.

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BY DAVID LASCELLES

BRITISH DUMPING CHARGES INVOLVING E. EUROPE

UNDER INVESTIGATION

Category

1. Dumper trucks

2. Shotguns

3. PVC leathercloth

4. Men's suits

5. Men's leather sandals

Earlier charges involving alarm clocks and hexamine withdrawn.)

DECISION PENDING

1. Horticultural glass

2. Electric motors

3. Car light bulbs

4. Domestic light bulbs

5. Cars

PRELIMINARY COMPLAINT LODGED

1. Men's suede shoes

2. Children's sandals

3. Printing presses

4. Thermostats

5. Copper sulphate

6. Cars

PREVIOUS CASES UNDER REVIEW

1. Wood fibre board

2. Twist wrapping machines

3. Sugar beet harvesters

4. Polyester fibres

East European share of selected British imports

Category and SITC

Men's suits

Leather shoes

Light bulbs

Cars

241.13

851.02

779.2

732.1

(percentage shares Jan.-Aug. 1976)

East Germany

Poland

Czechoslovakia

Hungary

Romania

Bulgaria

Soviet Union

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OVERSEAS NEWS

Army in
Peking
backs Hua

Fears of new pressure on lira as surcharge goes

BY ANTHONY ROBINSON

China's elite Peking army, yesterday pledged its allegiance to Chairman Hua, after a weekend of demonstrations against Left-wing opponents.

Reports from Peking in an article on the front page of the People's Daily said the army has sworn to win "victories under the leadership of the Central Committee headed by Chairman Hua.

Meanwhile in Shanghai, as part of the demonstrations by the radicals, posters for the "gang of Chiang, K. Chiang, and Wang to the left" were torn down.

This group of four, Chiang Ching, Chang Shao-chi, and Yao Wei-yuan, are said to be under arrest.

New Indian political move

LEADERS of all non-communist opposition parties, journalists and other eminent public figures yesterday formed a People's front for Civil Liberties and Democratic Rights under the leadership of Mr. J. P. Narayan, in the object of protecting institutional rights and the freedoms in India, K. R. Narayanan reports from New Delhi.

It was done after a two-day meeting organized here to seek postponement of the sweep changes to take place at a special session of Parliament from October 25.

more slams Thais

THE WAR of words between Thailand and Thailand's new junta heated up considerably over the weekend in a wake of a nationwide roundup in Thailand of "dangerous persons." Radio Thailand accused the Thais of raiding several thousand Vietnamese citizens and herdsmen into "disguised concentration camps." It also claimed that "if the pro-US junta rulers in Thailand insist in their actions, they will bear the full responsibilities and consequences," said Nations reports from Bangkok.

PHILIPPINE President Ferdinand Marcos yesterday headed a landslide referendum landslide victory that could be law but at the same time further entrench his one-man rule, our correspondent Manila reports.

BY ANTHONY ROBINSON

DESPITE the series of fiscal and monetary measures taken over the last two weeks to shore up the lira, there remains considerable apprehension both in political and financial circles, that the currency will come under renewed pressure this week.

For the last two weeks trading in lira on foreign exchange markets has been limited due to the temporary 10 per cent surcharge on foreign currency purchases introduced on Friday, October 1. This brought the lira/dollar rate back down to the \$40/£45 range from \$77 prior to the imposition of the surcharge. The actual trading volume has been reduced as foreign currency buyers have not as far as possible been able to take advantage of the surcharge. The result is a considerable backlog of selling orders in the pipeline, including the substantial dollar requirements of the oil companies and other major importers.

The Bank of Italy is keeping its intervention policy closely to itself now that the surcharge has been removed but Governor Paolo Baffi remarked on Friday to higher public utility tariffs.

Dassault denies £180m. tax evasion allegations

BY DAVID CURRY

PARIS, Oct. 17.

DETAILED allegations that M. Marcel Dassault and the group of aviation and electronic concerns with which he controls engaged in tax evasion on sums amounting to around Frs 1.5bn. (£180m.) seem likely to bring the trouble of affairs of the company which is one of France's leading defence contractors back into the political arena.

The allegations are contained in a document of which long extracts are published by the weekly news magazine *Le Point*. It claims that the extracts come from a handwritten summary of the contents of a secret dossier on Dassault transactions sent to his children by M. Hervé de Vathaire, the former chief accountant of the group who disappeared in early July after withdrawing Frs 3m. from M. Dassault's account.

M. de Vathaire failed on Saturday night to obtain a court order restraining the magazine from publishing the material; it had all along treated the affair almost with nonchalance, repeated his denial of being involved in any impropriety. In particular, he dismissed the

night that Italy still had around two billion dollars of foreign currency and the Central Bank is expected to intervene to even out when trading resumes irregularities which may emerge as the currency backlog is worked through.

Apart from the long standing attempts to draw a further \$500m. from the IMF under the terms of the Jamaican agreement and the possibility of re-borrowing \$500m. from the Bundesbank on the basis of fresh gold collateral, Italy has virtually reached the limit of its foreign borrowing capacity.

The realisation of this fact is one of the major considerations behind the demands of men like foreign trade Minister Rinaldo Ossola, Bank of Italy Governor Paolo Baffi and President of the Employers Federation, Confindustria Guido Carli for more drastic measures including a six-month block on the cost of living and threshold payments.

EEC Foreign Ministers meet in Luxembourg tomorrow in a renewed attempt to reach an agreement on a concerted extension of their fishing limits to a 200-mile Community zone by January 1 of next year, amid growing doubt over whether this deadline can be met by all nine members.

Though the Nine agreed in principle to a concerted move as long ago as last July, their ability and willingness to act simultaneously have been called into question by a number of practical and tactical obstacles.

Thus the Foreign Secretary, Mr. Anthony Crosland, is expected to tell his European counterparts bluntly that Britain may be forced to act alone at the start of next year to protect Community stocks from the threat of over-fishing by trawlers from the Soviet Union and other non-EEC countries.

Of at least equal seriousness in the British view is the risk of further delay in the start of negotiations between the EEC Commission and non-Common Market countries like Iceland and Norway on reciprocal Community fisheries agreements to replace the present bilateral accords with the U.K. and other members of the EEC.

Complicating the discussions is the demand by Ireland, with support from Italy, that the preparation of commission mandates await acceptance of the Nine of the controversial principle of exclusive national fishing zones of up to 50 miles within the planned 200-mile EEC limit. This is in addition to the charge of embezzlement having returned voluntarily from his wife.

M. Kay is still being sought by police while the Frs 3m. are assumed to represent an attempt by M. de Vathaire to buy the dossier back from Kay. M. de Vathaire is now awaiting trial on charges of embezzlement having returned voluntarily from his wife.

M. Dassault withdrew his own breach of trust suit against M. de Vathaire, claiming that his former chief accountant had been acting under the influence of great personal stress and unhappiness.

ROME, Oct. 17.

Tone of race degenerates sharply following Dole-Mondale debate

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Oct. 17.

THE tone of the American presidential campaign, which President Ford hoped would be raised in its last two weeks, degenerated almost completely over the weekend.

The principal villain in the

process was undisputedly Senator

Robert Dole, the Republican

running mate, who in Friday

night's television debate with

Senator Walter Mondale, truly

unleashed the dogs of political

opposition.

On the campaign stump in Illinois yesterday President Ford maintained the new strategy of all out onslaught with a vengeance. Hitting new pitches of stridency, he accused Mr. Jimmy Carter of being willing to "say anything anywhere" to win the Presidency and said that he was forever "wriggling, waffling and wandering."

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HOME NEWS

Battle over £7m. debts of shipbuilders fails

BY OUR GLASGOW CORRESPONDENT

A FIVE-YEAR battle to prove representations to the principle involving sums still owed to the creditors by Government responsibility to meet the £7.6m. debts of ordinary creditors of matter.

Upper Clyde Shipbuilders has

This second approach is on a different task that the Government's dealings with Upper Clyde may have involved departmental maladministration.

Professor David Flint, of Glasgow University, who formulated the original opinion that the Government could be sued under section 332 of the 1948 Com

This opinion was given by a senior Scottish counsel and has been accepted by the creditors committee of inspection.

Mr. Smith, who has viewed his attempts to prove Governmental liability as a test case, is determined to force a recognition of at least moral responsibility towards creditors from the Department of Industry which controlled the shipbuilding com-

Mr. Smith is making a second approach to the Parliamentary Commissioner to ask him to consider creditors claims. The Commissioner has rejected a request on the grounds that departmental dealings with Government-owned firms involving contractual or other commercial transactions are out of his responsibility, and, anyway, creditors appeared to have some recourse under law.

Mr. Smith tells creditors in his annual report to June, 1976, that now the second of these impediments has been removed, counsel has been instructed to pursue two other matters of

the principle involving sums still owed to the creditors by Government departments.

These involve £320,000 retained by the Department of Employment from repayments of Selective Employment Tax and payments of Regional Employment Premium otherwise due to the liquidator, and set off by the department against the employer's share of redundancy payments made during the company's winding up, and a further £1.35m. from the Ministry of Defence.

The Ministry of Defence is claiming the right to set off these amounts due from commercial contracts with Upper Clyde against taxes owed by the company when it collapsed and also against loans made by the Shipbuilding Industry Board.

Legal actions will be held in at least one of these cases: Mr. Smith and the Department of Employment have agreed to seek opinion of the Court of Session about the department's right to make this set-off. But the liquidator has given a warning to the Ministry of Defence that any similar application to the court to set off sums due against tax and Shipbuilding Industry Board liabilities will be opposed.

"It is confidently expected that such an investigation, if made, would confirm that the Government has a duty to meet claims of creditors who did business with the company."

The Upper Clyde liquidator is to June 1975, in which period he achieved gross receipts of £57m.

Mr. Smith's firm, Arthur Young McClellan Moores, of Glasgow, has received £75,000 in fees for the liquidator's special responsibility in the four years 30 "must be simple and clear."

The profession must carry the achieved gross receipts of £57m.

Debate on reactor vital, says Benn

BY RAY DAFTER, ENERGY CORRESPONDENT

Mr. ANTHONY Wedgwood Benn, Energy Secretary, has made it clear he will postpone a decision on the fast breeder nuclear reactor programme until after "a great public debate."

The Government indicated that a decision would be made this autumn, but Mr. Wedgwood Benn said that more time was needed. "It is obviously a question for the community, and I am determined to see there is time before the decision is taken."

Although Government advisers have backed the fast-breeder as a solution to Britain's future energy problems, Mr. Wedgwood Benn is not convinced. "The view that there is no choice is an argument that should be looked at very carefully indeed," he said.

Mr. Smith said: "These steps reflect the real concern that matters relating to contractual or other commercial transactions of a Government department should not be so widely interpreted as to exclude from investigation by the Parliamentary Commissioner a whole range of circumstances which it would otherwise seem appropriate that it should be empowered to investigate if asked to do so, and that the facts on which this complaint is founded require investigation."

"It is confidently expected that such an investigation, if made, would confirm that the Government has a duty to meet claims of creditors who did business with the company."

The Upper Clyde liquidator is to June 1975, in which period he achieved gross receipts of £57m.

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The Executive's and Office World

EDITED BY JOHN ELLIOTT

DUSTRIAL CATERING

Burden of feeding the workers

THE PAST two or three about operating procedure are one area of company scarce because catering is such a business which has suffered a fragmented business, there are facilities provided. The major supplier set up a catering unit. Staff responsibility for catering are also available for the early. But it is not essential to manage morning staff such as cleaners and one's catering oneself in order to provide a good service.

Marks and Spencer has 1,500 ICL for example maintains a catering staff and to recruit it high standard using an outside contractor for all its units. Its

there always follows, however, view is that this leaves ICL's a period of further training (in management free to concentrate both food and money management) to acquaint new staff with selling computers. ICL has recently established

The effect of inflation on food costs, together with increasing pressure from both employees and unions for better standards of catering facilities, is leading managements to become more aware of this element of company expenditure

company operating a modern self-service cafeteria system for 2,500 employees, the annual subsidy it has to lay out—on the conditions of both the Bateman Catering Organisation, part of the Grand Metropolitan group. Mr. David Harwood, company secretary of ICL, says

the basis that meal prices only cover the cost of food involved—may well be about £500,000. The subsidy would meet the no tea towels to be found in kitchens and dining areas. The additional cost of labour, cooking and other items such as machines and disposable paper crockery, replacements and rental of vending machines.

If food costs rise rapidly, it may however be difficult for the company to recoup all the extra burden by raising prices—partly because of possible resistance by its employees to paying more for meals. The budgeted subsidy could then prove inadequate by several thousand pounds at the year end.

Marks and Spencer, which has perhaps one of the best examples of staff catering for blue collar workers. In arrangements, has a special in that there is the question of formal management unit which any ancillary facility operates to standards approved as a coffee lounge should by the company's chairman and

stress service can be provided or single-status restaurants or separate ones for blue collar workers. In arrangements, has a special in that there is the question of formal management unit which any ancillary facility operates to standards approved as a coffee lounge should by the company's chairman and

whether the catering unit will be run by the company's chairman and

JULY 1976

Building and Civil Engineering

Implementation in £52m. Dubai project

OF the biggest private building projects in the United Arab Emirates is to start soon in Dubai. It is about £52m. The Ruler of Dubai, Sheikh Md Bin Salm Al Maktoum, has invited to the work which will soon start. The contract calls for a hotel with 475 rooms and over 400 apartments and a 10-storey tower restaurant which will be at about the 29th floor. It is included is a night club, health and sports centre, offices, restaurants and car parks. The work is to be carried out

STRUCTURED by a new company formed by Abdul Wahab Galadari and Cementation International, part of the Trafalgar House Group. It will be known as Galadari Cementation Construction (Private). Architectural, structural, mechanical, electrical and interior design services will be provided by 3D International Consultants of Houston, Texas. Ryder International, one of the largest international hotel operators in the U.S. will manage the hotel.

Abdul Wahab Galadari will own the completed complex which will be on the corniche overlooking the Gulf. Dubai Creek and the city.

2m. job

Heathrow for Cubitts

AND HANNEN & CUBITT Construction (London) has been given a £2.2m. order by the Airports Authority to carry out further work to draw Airport's contract involves the redevelopment of the Terminal 3 arrivals and construction of an new office block. The work will be carried out in several phases to reduce inconvenience to passengers.

The new office block will have floors constructed over a station and supported on piles. Construction will be of prestressed concrete frame with concrete cladding and units.

The contract is due for completion towards the end of 1977. Contractors are Pascal and Son.

18m. berth

Mombasa harbour

THE Fairclough Group has been awarded a contract for berth 18 Mombasa Harbour, Kenya, at a cost of more than £5m. The 180-metre berth will be adjacent to the two already con-

structed by the Fairclough Group at Mombasa and will be reinforced concrete with considerable dredging and reclamation.

There is provision in the contract for options to incorporate roll-on/roll-off facilities and further extension of the berth.

Mobilisation has already commenced and the berth will be completed mid-1978. The contract is for the Ministry of Power and Communications of Kenya. Consulting engineers are Scandia consult of Sweden.

Houses and factories

by Wimpey

BIGGER of two contracts worth over £2m. to George Wimpey and Co. is a £1.4m. award by Salford Corporation for the construction of a further 158 dwellings at Lower Broughton Road in Salford.

This development provides for 138 houses and 20 flats, all two-storey units in brick with No-Fines party walls.

The £600,000 plus contract is from Brixton Estate for additional factory and warehouse accommodation at its Woodside Industrial Estate, Dunstable, Bedfordshire.

There will be two factories and one warehouse unit all with offices and covering a total of about 9,500 square metres. There is an option to extend the work for a further 5,000 square metres.

and car parking would be above.

Near the Blackpool Tower, the three-storey site is bounded by Victoria Street, Adelaide Street, Sefton Street and Tower Street.

The new shopping centre will be linked to an existing high-level walkway which was built to take pedestrians across the busy promenade and on to the multi-storey car park. The park is to be extended to provide space for 1,450 cars with access right into the centre.

Building Design Partnership, of Preston, is designing the scheme and is also carrying out quantity surveying operations. Structural engineers are Deakin and Callard, and services engineers are R. W. Gregory and Partners.

of floor space. Servicing and

ladders and scaffolding for a wide range of maintenance work—the company also considers that its hire firms in the do-it-yourself field it may even reach the domestic user.

Contract to build 106

per-frame houses

in Derby

CONTRACT to build 106 per-frame houses has been awarded by Derby Borough Council to Hardstock, a member of the Babcock and Wilcox group. The contract is worth more than £570,000 and is due later this year.

Hardstock, which is based in Hertfordshire, will be building houses as part of Phase B of the Borough Council's Weston Avenue development.

The construction system is on a standard 300 mm. module and comprises 19 houses including special designs cater for the elderly and disabled.

Car can now lift platform

TABLE of being towed by a car on a normal towing

in a hydraulic lift platform to working height of 24 feet. The

hydraulically operated tele-

scope boom is driven from a battery power pack and controlled by four push buttons on the platform. It reaches working height in 50 seconds.

Packed for travel, the unit

measures 13 feet 3 inches x 5 feet

4 feet 3 inches high, and

1,900 lb. in this form it

easily be manhandled into

convenient spaces.

Selling at £2,750, the unit

which was designed and built by

is expected to supersede

IN BRIEF

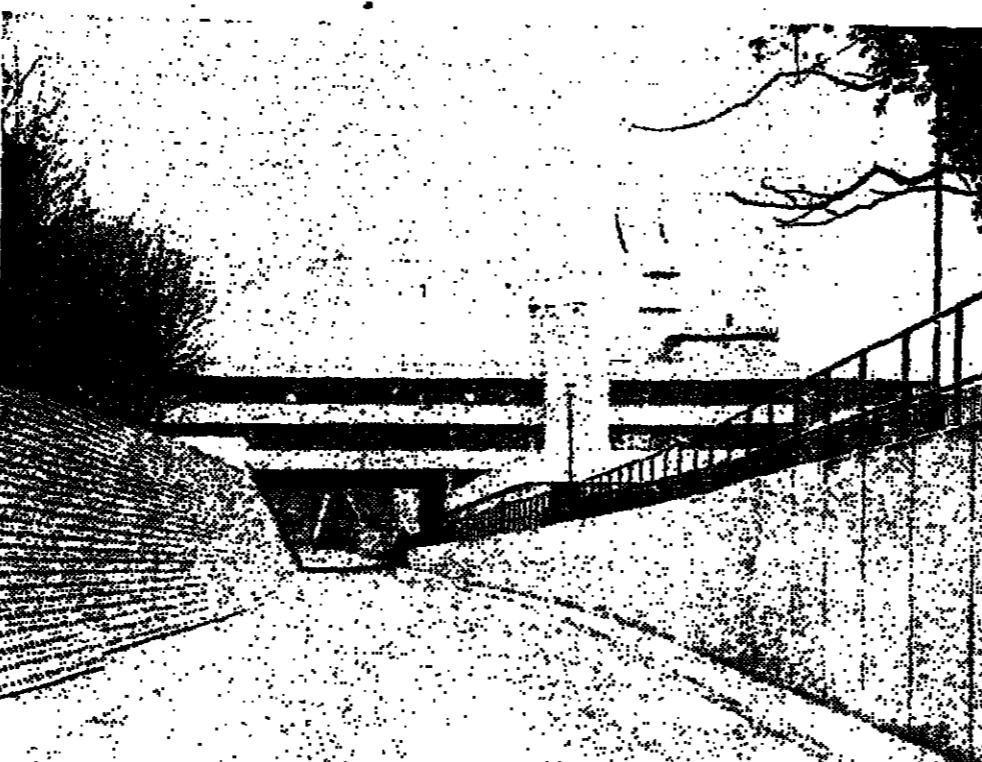
• Aberdeen Construction Group subsidiary Alexander Hall and Son (Builders) has been awarded a £1.1m. contract by the Scottish Special Housing Association, at Middleton, Bridge of Don, Area "A" for 125 houses.

• Hunting Gate Group of Hitchin, Herts, is to construct an office and factory complex totalling 127,000 sq. ft. at Ransdale, Kent, for the Engineering Division of BOC. The contract price is about £1.1m.

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£35m. port expansion contract for Tarmac

TARMAC INTERNATIONAL, in joint venture with Shahin Glass Panelling, has been awarded a £35m. contract to expand port facilities at Aqaba, Jordan.

Deep water and sea-bed investigations have begun, and work will follow on the provision of four major shipping berths, additional lighter berthing, two roll-on/roll-off points, storage and transit sheds, cold storage houses, pavement and general storage areas.

So urgent is the need for additional accommodation to supplement the two berths at Aqaba that one of the conditions imposed by the Hashemite Kingdom of Jordan's Ministry of Transport, which placed the contract, is that two major berths must be handed over 18 months after the completion of the survey work. The rest of the project is to be completed eight months later.

The joint venture will be undertaking over 1,000 cubic metres of forming and excavation prior to installing 2,000 steel piles each 150 feet long and with a total weight of over 15,000 tons. These piles will support half a mile of prestressed and in situ concrete decking.

A great deal of construction and marine equipment will be exported from the U.K. and some will be purpose-built for the job.

Consulting engineers are Joury and Partners in collaboration with Parsons, Brown and Newton.

Building a bank

PLANS TO step up production of insulating building blocks have been announced by Thermaite.

The company is spending £2m. on expansion of its Purfleet, Essex, plant and expects output to be increased by 75 per cent by April 1978.

Production is expected to start at Thermalite's new factory at Thetford, Norfolk, in January.

COSTAIN CONSTRUCTION has

been awarded a £1.1m. contract to build a branch bank in Wellington, near Cheltenham, Gloucestershire.

The two-storey building with

basement is strongroom giving a

total floor area of 866 square metres. It will be of reinforced

concrete with part load bearing

Sandy Gate and Pearces Hill at

brickwork. Cladding will be part of the end of the motorway, and

state and part handmade facing this is due to open next spring.

ESPLEY-TYAS CONSTRUCTION LTD

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A Member of the Espley Tyas Group of Companies
100 Park Lane, London W1A 1JL Tel: 01-580 2120 Telex 212010

Wallis gets £10.2m. road and £2.4m. houses award

GLC HAS awarded G. E. Wallis and Sons a contract worth just under £1.3m. for the construction of 76 dwellings, five shops and a clubroom at Hackney in a project to take about two years to complete.

Another project worth just under £1m. is for the London Borough of Islington and covers 55 dwellings and garaging at Aberdeen Park, Highbury.

Architects here are Darbourne and Darke and the consulting engineers Zisman Bowyer and Partners.

Supplies air at high pressure

FOR APPLICATIONS requiring both large capacity and consistently high pressures, an air compressor driven by a Rolls-Royce 205 bhp six cylinder diesel engine has been introduced by Consolidated Pneumatic Tool Company, Fraserburgh, Aberdeenshire (03462 3131).

Marketed as the 600-RO-2 HP, it has a full flow of 600 cfm at 150 psi. Typical applications include quarrying, where faster penetration rates are being sought for down-the-hole hammers, pipeline flushing and shot blasting.

The unit is protected by a thermostat against excessive air temperature rise, and an automatic service discharge valve ensures correct operation of the plant for both starting and stopping.

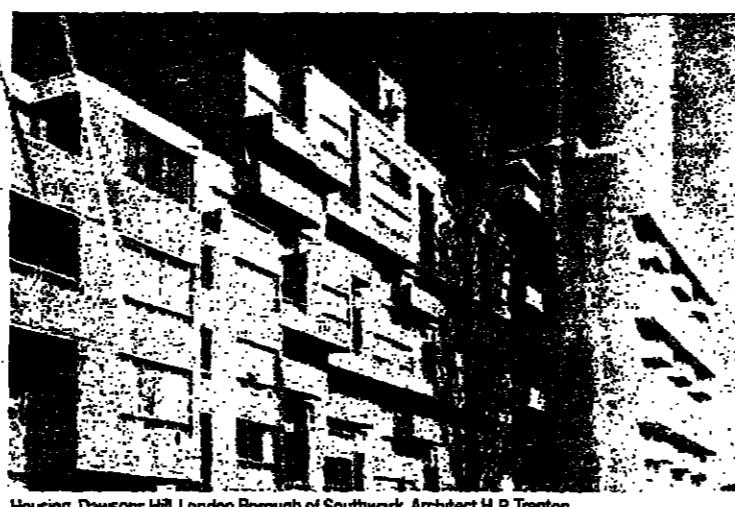
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Gibbons Northern GISCOL Hadleys Henry Foster Ibstock Jacksons (Warwickshire) J.A. Jackson K.B.C.
London Brick Lumley Maltby Manners Brick M.B.C.
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To The Brick Development Association

For full address of Members and a list of publications, contact The Brick Development Association, 19 Grafton Street, London W1X 3LE. Tel: 01-409 1021/4

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MONDAY, OCTOBER 18, 1976

Japan and the EEC

THE TALKS which open in London to-day between the CBI and its Japanese counterpart, Keidanren, represent a great deal more than a conventional exchange of views about topics of mutual interest. They come at a time when the imbalance in trade between Japan and the U.K., and between Japan and other members of the EEC, is causing considerable concern at Government as well as industry level; the Japanese team, which includes some of the country's most senior and influential industrialists, will be meeting to shadow with the Prime Minister, the Chancellor and the Secretary for Trade. There is a growing view among Ministers and officials that, unless some action is taken to correct the imbalance, the pressure for protection—of a more wide-ranging kind than the minor steps so far taken—will become almost irresistible.

Efficiency

The fact that the Japanese are immensely efficient manufacturers and exporters is not something that can be wished away: as long as they retain their advantage in productivity, their share of world exports is likely to go on increasing. What they can and must do on the export side is to minimise the disruption that results from concentrating too much of their selling effort on a few sensitive sectors, such as passenger cars, TV sets and certain industrial products such as ball bearings. Most of these items are now subject to some form of voluntary export restraint which appears to be working reasonably well—although there are obvious risks in bilateral arrangements which simply have the effect of diverting Japanese exports into other markets. There are already signs of an ominous situation developing in steel, where the Americans fear that if the EEC countries persuade Japan to cut back shipments, their own market will be flooded with cheap imports.

The more fundamental problem concerns access to the Japanese market itself. Japan's imports of manufactured products are still amazingly low compared to those of most other industrial countries; they represent about 20 per cent of their total imports, compared with a figure for other industrial upon as soon as possible.

West Germany

Persuading Japan to adopt this course is not a matter for the U.K. alone: there is growing anxiety throughout the EEC and particularly in West Germany (whose trade deficit with Japan is comparable with that of the U.K.) over the recent rise in Japanese exports, which appears to be working reasonably well—although there are obvious risks in bilateral arrangements which simply have the effect of diverting Japanese exports into other markets. There are already signs of an ominous situation developing in steel, where the Americans fear that if the EEC countries persuade Japan to cut back shipments, their own market will be flooded with cheap imports.

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Monetary growth out of control

THE CHIEF SECRETARY to the Treasury, Mr. Joel Barnett, told the House of Commons on package which would have Thursday that "interest rates at attack public expenditure and their present level will stay as revenue as well as banking they are until the money supply policy. The publication of the is on target with what the Chancellor suggested" in his statement of the 12 per cent aim on undermined the credibility of July 22. The statistics for the IMF application and risked September, which exceed the triggering off an even more worst expectations, suggest that it will be quite a time before severe fall in sterling than has already occurred.

Painless

We have reached this position not just because of technical mistakes but because the Chancellor or some of his advisers thought that monetary control could be a painless addition superimposed on existing policies without any fundamental change. Only a few weeks ago it was still hoped to reach the target without either a marked change in interest rates or an improvement in the fiscal balance. Such luck does not come in this world, especially for a Government which has set its face for so-called political

reasons against the less expensive measures which could hope to restore confidence among both overseas and domestic holders of funds.

Indeed, the growth of the nation's total of cash and bank deposits has been so large as to make the usual minute statistical analysis out of place. Whatever basis of comparison is chosen, the impression is that of a vessel out of control. More accurately it is that of a ship surging erratically and well off course to a destination imposed on the captain by someone else, and for which he does not possess the right navigational charts.

In September the most widely used and broader measure of the money supply (M3) rose by 12.6 per cent. It does not help to take a longer run of months. Nearly 9 per cent of the Chancellor's target has already been used in the first six months of the financial year, leaving only 3 per cent for the six months up to next March.

Alternative

Thus even though monetary expansion has probably been very much less in the banking month of October, owing to substantial sales of gilt edged a little earlier on, there is very indirect taxes affect retail remainder of the financial year. At risk: more important is the

It always looks as if the fact that an attack on the two-point rise in MLR and the overblown size of the public fresh call for special deposits sector would act as a signal to an alarmed reaction to all those who doubt whether preliminary money supply indi-investment or personal effort cations and this has now been are worthwhile any more in the amply confirmed. In the present U.K.

Richard Johns examines the complex divisions within the Arab League.

The quest for Arab unity

A RAB UNITY is an ideal movement in the past, deeply tance, continued Arab divisions the premiers' meeting held basic demand. President Assad are understood to have been discretely assisting the the moment when Israel is controlled by Saudi-Kuwaiti auspices would acknowledge that the helping the Palestinians at, at Riyadh in July to stop the war of words, glossed over the Palestinian leadership presented paradox of President S

its fear of a left-wing take-over and painful decisions controversial disengagement to the Israelis is a moderate position was shown by the pact and co-ordinated future one. Thus, the guerrilla move—learnt from very re

policy was short-lived. Until this meant to be emasculated and sources—that Egypt di

weekend repeated attempts to bring under Syria's control some of the Iraqi arms. In this scheme, President Alexandria to Jounieh, the

Assad's one natural ally has *facto* capital of the Right

King Hussein of Jordan Christians and has even

who, in spite of his acceptance vided directly some of its

the Rabat decisions, has to the Right-wing Christians

never renounced the hope of In terms of achieving a

playing a part in negotiating the term peace settlement, Bank and even having some of interest. As a pro-We

in its future governance. moderate in bitter confront

with President Muammar

affi of Libya to the east, dent Sadat would not wi

see a militant Left-wing N

emerge triumphant in Lebanon, for precisely the

reasons as President Assa

For a long time the Eg

leader is known to have favoured a change in the leadership. It is now

divided (quite apart from movement's "Rejection" which, backed by Libya and is opposed to any accoun

with Israel). Mr. I

Arafat, chairman of the and founder of Al Fatah

main faction, has evidently more inclined to compete

than others in the mains like the much more hay

Abu Iyad. But he appeal neither Egypt nor Syria whom his relations may

and repair. When they in

Riyadh airport in August, President Sadat pointedly refuse

Arafat's attempts to ent

him and walked off, arm in

with Mr. Khaled Hassan

President Assad also in favour as chief of a named

Four protagonists in the Arab League (left to right): Col. Khedaffi, President Sadat, President Assad and President Sardis.

Backs to the sea

Now the Palestinians are fighting with their backs to the sea against armour and guns of Syria—the country which, thanks to President Hafez al Assad's bargaining over the renewal of the UN observer forces mandate on the Golan Heights, secured the Security Council debate on their national rights in January and was then considered as the guerrillas' foremost champion. Derided as a northern border. With their leadership divided, the second Egyptian-Israeli dispute is reeling under Syrian military pressure.

The Israeli point out that the Lebanese civil war has shown guerrillas' most influential friend at present. In a wider context of future settlement, this fact would also be appreciated by the Soviet Union, which earlier this month

as they blockade ships supplying the Palestinian-Left alliance in Lebanon. Dr. Kissinger, concerned as Dr. Kissinger that the announcement followed the sharp reprimand delivered to the extreme left-wing elements in the Lebanon a few weeks previously for their negative design for the region.

Whatever the identity of Elias Sardis, whom the Syrians successfully installed as titular head of state last month. Indeed, this slightly enigmatic figure appeared to show a mind of his own at the talks which he held with Palestinian and

meaningful peace talks, Syria has embarked on its policy of co-operation with Jordan and the condition to an effective policy

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INDUSTRIAL FINANCE

Strong D-mark a big asset

THE LAW of economics seems to emerge from Germany's investment abroad, although history, revolutions still comparatively small by the standards of Britain and the Middle East was a first class example of that United States—has been rising steadily. Despite the steady fall in the value of the D-mark, the cumulative value of the Federal Republic's investment overseas since 1952, not including portfolio investment, totalled \$36.8bn (9.34bn).

Fourth, foreign investment in the Federal Republic, which stood at DM47.5bn at the end of 1974, has tended to fall off. The Bundesbank believes that this has been the result of the rising value of the D-mark and a sharp increase in production costs within West Germany.

It was true 20 years ago that necessarily the explanation for the Federal Republic's industrial strength to day. Such claims are especially dangerous when they lead to the conclusion that German industry, having down, growing more and more outdated and its industrial infrastructure increasingly outmoded.

It is easy to see how such assumptions are made. First, a index of West German concerns are in need of re-equipping. The Sachs mechanical engineering concern, which was set to the Gruen Keen and Heidsieks takeover bid, re-estimated its value in comparison to the currencies of its competitor nations. In the past five years the dollar has declined from DM4 to around DM2.50.

However, far from declining, West Germany's trade surplus as typical of industry as a whole, capital investment by industry has totalled purchasing power as well as the rising cost of oil imports.

Indeed, West German companies are in need of re-equipping. The Sachs mechanical engineering concern, which was set to the Gruen Keen and Heidsieks takeover bid, re-estimated its value in comparison to the currencies of its competitor nations. In the past five years the dollar has declined from DM4 to around DM2.50.

Some observers ascribe West Germany's trade surplus to the rising prices, its trading success to salesmanship by 5 per cent, after a 1974 line of 8 per cent compared with 1973.

OSTHANDEL

A huge imbalance

WEST GERMANY'S trade with the communist countries is set to improve in the East's trade, improvement for East Germany, some 12 per cent, to balance but Herr Wolff, said sums of such a magnitude were quite as favourable to the end of the year.

East German trade with East involved that West German banks alone could not provide a per cent. rate of growth with the credits.

Herr Wolff urged the Soviet Union and other Eastern countries to "speak openly" about their total indebtedness to international bankers as this would put an end to vague estimates and could help rumours and speculation. Such information would have to be gathered directly by one of the existing international organisations such as the Bank for International Settlements in Basle in order not to raise suspicion of a credit embargo.

The Soviet Union, West Germany's largest Communist trading partner with a total volume last year of DM10.2bn, is taking the lead in the export drive. The Soviets increased deliveries to West Germany by 50 per cent in the first six months of 1976 while imports from West Germany rose by only 6 per cent. The West German surplus was cut to DM1.2bn.

East Germany, the Federal Republic's second largest trading partner in the East, has also been able to boost its exports to West Germany by 21 per cent in the first half of this year while West German exports at the end of 1975, rose by 13 per cent. This was enough to balance trade for the

third. West German direct panes have reacted fast to changing world demand. Last year's export performance in the Middle East was a first class example of this.

Claims have also been made that industry's costing methods in the Federal Republic have been responsible for its goods remaining competitive. Companies are said to use the home market to subsidise the export market by covering total capital investment and development costs in its domestic prices.

There is, however, a limit to what the most brilliant salesmanship can do—even with the most prolific of oil exporters. Good salesmanship cannot cover up old fashioned products and there are tight limits on the market to which the domestic market can be used to subsidise exports.

A questionnaire published a few months ago by the German-British Trade Council makes interesting reading. British businessmen—who if economic orthodoxy is to be believed, should be gaining substantial advantages from the rapidly devaluing pound—were still facing serious price competition from domestic industry in the West German market.

In real terms, the matter boils down to the quality of capital investment rather than its quantity. There was after all very little sense in West German concerns investing large sums of money in increased production capacity when their existing plants were already heavily under-utilised.

Although the economy is showing strong recovery from last year's recession, manufacturing capacity in many sectors is still far from being fully taken up. The chemicals industry's production figures, for example, are greatly improved, but output is still far below 1974's record levels. The steel industry remains stuck firmly in the doldrums, while the motor

industry is still looking nostalgic at the 1973 output statistics.

Under-utilised capacity means higher unit costs, and a manufacturing sector as export orientated as that of the Federal Republic cannot afford this, especially when the D-mark is appreciating so rapidly. While industry in a country such as Britain can be temporarily cushioned against the effects of under-utilised production capacity by a steady decline in the value of its nation's currency, the same option is not open to the Germans.

West German industry's answer to the problem has been rationalisation. Since early 1972

investment in extending production capacity peaked in early 1970 when some 55 per cent of capital investment was earmarked for this purpose. Since then it has tailed off dramatically. In 1972, according to IFO, Institut für Wirtschaftsforschung, one of the country's leading economic research institutes, spending on increased capacity accounted for about 39 per cent of total capital investment, while by the end of the first half of 1976 the proportion had dropped to just over 20 per cent.

At the same time, however, the proportionate spending on rationalisation measures has risen dramatically.

Rationalisation is, generally speaking, a far cheaper form of capital investment than the con-

a growing proportion of its structure of completely new production has been built up. Therefore, although capital investment spending has been on the decrease and is expected to rise only slightly this year, West German industry is probably getting more for its money.

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There is, therefore, a strong case for arguing that the upward movement of the D-mark has been the salvation of West German industry. Without it, the pressure to rationalise would have been nowhere near so strong.

Guy Hawtin

Frankfurt Correspondent

WEST GERMANY III

THE DIRECT INVESTMENT OF GERMAN INDUSTRIAL SECTORS ABROAD

Total at the end of 1975 in billions of DM

| | |
|------------------|-----|
| Chemicals | 8.0 |
| Electrical | 4.4 |
| Banks, Insurance | 3.9 |
| Iron & Steel | 3.3 |
| Machinery making | 3.1 |
| Motor Industry | 2.8 |
| Oil | 2.5 |
| Property | 1.4 |
| Food & drink | 1.1 |
| Hotel industry | 1.1 |

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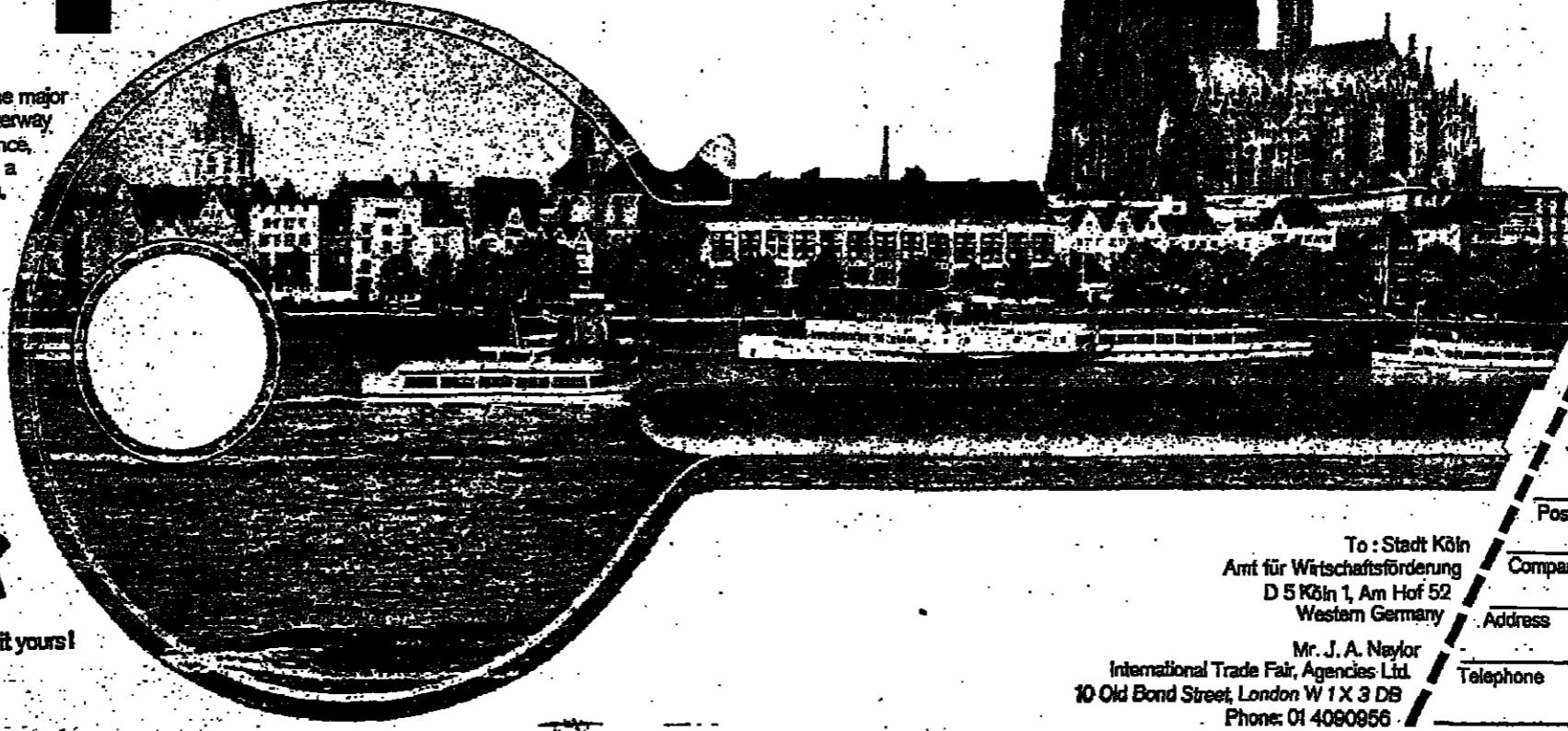
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THE THIRD WORLD

Keeping a balance

MPARED TO the more pressing concerns of relations with Britain, France or the rest of the European Community and with the Communist countries, the developing world until very recently came a third in West German eyes. The Federal public tried during the 1950s and 1960s to extend the Hallstein Doctrine, with varying success, and it became an increasingly important contributor to bilateral and multilateral aid (though to the Government's embarrassment, the UN-agreed target of governmental aid of 0.7 per cent. of its national product has not been met).

Despite accusations from developing countries that it could not afford to pay more aid, ought to involve itself more in Third World affairs, Bonn many years sat tight, not taking the same degree of concern as such former colonial

Dialogue

During the course of the dialogue between the industrialised Northern Hemisphere and the developing Southern Hemisphere, Bonn has naturally taken as its highest priority the need to secure its own sources of raw materials supplies. Next, it has often stressed the desirability of reaching a common position with

its allies, meaning both the Herr Friderichs and his Nine as a whole and the U.S. advisers also feel strongly that

But a third element in the type of regulated price

man thinking, and as it turned out, the one that came out on declaration seeks would in practice be to requests that it should selectively extend the list of international league of weapon system exporters. In 1974 West Germany arms exports were with a small arms industry \$100m. in comparison with France's \$3bn. and America's step of expanding that industry by allowing it to sell to world markets.

Successive West German governments have applied an arms export code that effectively prevents the sale of and builds just for itself very expensive, so it has been an eager participant in multi-country weapons projects. These projects bring with them a certain degree of "moral relaxation," to be sure, because Germany's partners do not apply the same criteria to overseas arms sales as does Germany.

Although the Germans accept of ten key minerals are dependent on the gravity of the problem of dent not on the developing Third World poverty, they countries but on the rich ones, remain profoundly dubious. It is vexatious to West about the wisdom of the pro-German officials that these posed solutions. Herr Hans Friderichs, the Economics Minister, they sincerely believe to be

great pressure from his Com. of the Third World, have mon Market partners the need frequently failed to attract not to let UNCTAD IV end in much interest from anyone failure, and so he accepted the besides the Americans. No decision to discuss setting up matter how often Bonn insists a common fund for financing that it is thinking of the Third buffer stocks for 18 key raw materials deemed to be the economic order, rather than most important in world trade, trying to be stingy, it still has as well as to examine the suit to convince the Third World of price schemes for countries themselves.

A.D.

Such an approach makes the weapons that Germany develops stand by economic good sense, the developed countries which as this is understood by a country like Germany

whose wealth is based on exporters. The table indicates how far West German imports

are from market economy.

Despite the number of painful

refusals to deliver—among them a huge potential tank deal with Iran and a contract for

Meanwhile the two govern-

N.C.

DEFENCE

European king-pin

WEST GERMANY has evolved loss of territory. About 30 per cent. of the population and 25 per cent. of the industrial capacity are located in a 100km. wide zone west of the border. West Germany's contribution to defence expenditure capacity are located in a 100km. wide zone west of the border. Deterrence is there for the most part to be a threat to Western Europe, while NATO forces have only 6,000 facing them. If French forces are included, the available NATO tank strength increases to 7,300. Comparisons of manpower and other weaponry show up similar disparities. So, to achieve deterrence, the German Government is now fairly blunt about its readiness to resort to nuclear weapons if the situation demands it. It calls for a combat manpower and its willingness to resort to use of nuclear weapons "gapless" in massed armour on a narrow front, so as to achieve a decisive attack before NATO can mobilise.

The threat that West Germany faces is well summarised in a recent survey published by the Institute of Strategic Studies. "The Warsaw Pact has a combat manpower and its willingness to resort to use of nuclear weapons if the situation demands it. It calls for a combat manpower and its willingness to resort to use of nuclear weapons "gapless" in massed armour on a narrow front, so as to achieve a decisive attack before NATO can mobilise.

At the same time the German Government is anxious that NATO's conventional strength be maintained in order that the border with the Warsaw Pact defence umbrella offered by the U.S. remains in place. "The threat to be that 'narrow front' European Allies cannot expect the U.S. to compensate for in the industrial structure of our adequate European conventional army and the extremely minor contributions by setting the favourable ratio between its nuclear threshold at too low a north-south and east-to-west level and thus incurring an unacceptable nuclear risk for

N.C.

OSTPOLITIK

CONTINUED FROM PREVIOUS PAGE

idents involving both Berlin's absence from Moscow and East Berlin will not wish the border between the two on holiday had put delicate to make themselves a sitting target for a fresh round of Western attacks on detente, and may thus now be ready to negotiate on serious points of disagreement.

Last week Herr Schmidt announced in Berlin that he stands ready to push forward with the wide range of negotiations with the GDR that remain unfinished since the basic treaty between the two German States was signed five years ago. The Chancellor added that he expected progress during the talks with Mr. Brezhnev.

So far, however, the most tangible achievement of Herr Schmidt's Ostpolitik has been the Polish agreements signed last March after a Parliament cliff-hanger in Bonn. These provide for West Germany to pay out some DM1.5bn. in pension claims arising from the last war, and to make available DM1bn. in concessionary credit. Since the Polish party leader, Mr. Edward Gierak, has paid a successful visit to West Germany, which included signature of long-term industrial agreements worth some DM2.5bn.

For their part the Poles have agreed to grant exit visas to some 125,000 ethnic Germans and to consider favourably the applications of a further 140,000 to leave. By the end of September, about 18,000 of these people had arrived in West Germany.

A.D.

DEPENDENCE ON IMPORTED RAW MATERIALS

| Material | Proportion imported % | Main suppliers % |
|-----------|-----------------------|---|
| Bauxite | 100 | Australia (59) Yugoslavia (13) |
| Copper | 100 | New Guinea (47) Chile (19) Canada (18) |
| Iron ore | 95 | Brazil (23) Sweden (23) Liberia (18) |
| Tin | 100 | Bolivia (24) Malaysia (24) Indonesia (23) |
| Titanium | 100 | Norway (67) Canada (27) |
| Chrome | 100 | South Africa (52) USSR (30) Turkey (13) |
| Lead | 85 | Ireland (28) Peru (19) Sweden (18) |
| Zinc | 70 | Canada (48) Sweden (14) Peru (12) |
| Manganese | 100 | S. Africa (46) Gabon (25) Australia (16) |
| Phosphate | 100 | U.S. (50) USSR (30) Morocco (12) |

WEAPONS

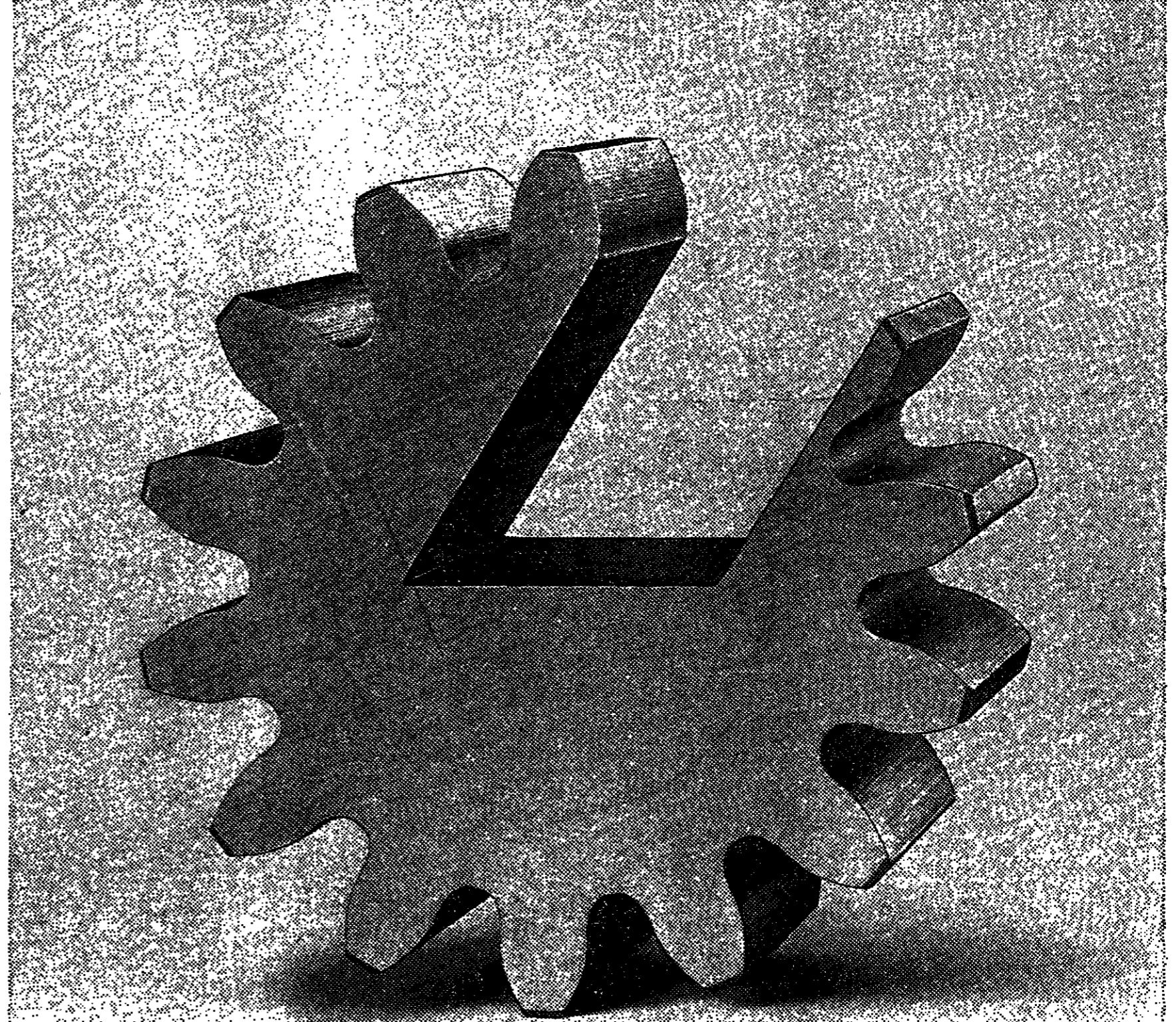
Matters of principle

WEST GERMANY is second largest carriers for Saudi Arabia—the governing Socialist-Liberal coalition under Helmut Schmidt has so far refused to come up with a common tank for the 1980s. Since the early summer these good intentions have melted away. By June it had become clear that the Americans would choose their own tank whatever happened in the joint tests. The Germans lowered their sights and got the U.S. to agree to standardise tank components. This plan, too, now appears to be on the rocks.

Even the Roland deal with the U.S. now seems to be foundering. It appears that the technical difficulties and costs of Americanising the system have turned out to be prohibitive, and that the Roland is in any case not exactly what the U.S. forces need. National chauvinism and national pride and employment considerations have had their impact in these cases. It is a disillusioning tale and as expensive one. For instance, the total number of tanks in question is about 10,000 costing some \$10bn. and the economics of scale of building this number of a single type of tank are now being thrown away.

And equally, as the German flow of orders begins to dwindle, they will look covetously at the U.S., which will then be selling its new tanks all over the world, while Germany sticks to its principles.

N.C.



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WHEN Herr Helmut Schmidt's Social Democratic Party slapped last-minute election posters all over West Germany last month appealing to people to "vote for peace," its aim was not only to score points in foreign policy but to claim credit for the maintenance of the country's enviable record of harmony on the industrial front.

The Government's satisfaction stemmed from a round of wage settlements in the major industries earlier this year that fell within a few points of the 5.5 per cent target set out by the Economics Ministry at the beginning of this year. Although the full effects of these settlements have yet to percolate through the economy, a study by the Berlin-based German Institute for Economic Research last summer indicated that average earnings—taking account of longer hours worked—increased by only 6.2 per cent during the first quarter of this year and by 6.5 per cent during the second. There was a 5.5 per cent decline in unit wage costs, thanks to increases in productivity.

At the same time, official figures showed only 0.4 work-days per thousand workers lost through strikes during the first quarter of 1976, compared to 7 for Belgium, 38 for Britain and 51 for France. These figures may look less good for the second quarter, as a result of the printers' strike in May. No less impressive than these figures is the institutional investment

TRADES UNIONS

Working together

framework of relations between serious long-term approach to be made to reducing unemployment from the present 900,000 industry that makes them possible. At its centre are the regular "concerted action" meetings, held three or four times a year, in which the two reached against this background, nonetheless followed under the chairmanship of the Economics Minister, to exchange views about the evolution and needs of the economy.

Although the concerted action meetings are held in order to exchange views rather than to take decisions, the force of the consensus which emerges from them is extremely strong. Backed up, no doubt, by a good deal of informal lobbying of both sides of industry by Ministers, the 1976 round of wage negotiations took place on the foundation of assumptions about the economy that were broadly shared by the unions and the employers' federations. These were—and remain—that wages should not increase faster than real Gross National Product, and that only through higher corporate profits in fringe benefits alongside Mitbestimmung, the unions

Explosion

The signs are that the trade bargaining usually takes place between nationally organised unions and employers' federations that are organised on State or regional levels. The country's largest union, IG Metall, which represents, among others, workers in the engineering, steel, metal-working and motor industries, staged a token stoppage of a day to protest against the wage round got under way however, the emphasis on fringe benefits is expected to continue, with the next major complaints from within its own ranks that its original 7.5-8.5 per cent pay claim was not high enough.

In pursuit of this aim, as in a second feature that should not be overlooked is the growth in fringe benefits alongside Mitbestimmung, the unions

seeing the SPD-FDP coalition returned to office than they would have done from the election of the Christian Democrats. Although the West German trade union movement has no formal ties to the SPD, and has since the war systematically refrained from intervening in politics, its origins and its inclinations make for closer relations with the SPD leaders than with the CDU. To no one's surprise, an opinion poll last month confirmed that most Germans perceive the unions as the natural ally of the Social Democrats.

Yet the unions' independence from politics, and the Government's detachment from industrial relations, should not be underestimated. It has made the movement concentrate, in Herr Schmidt's phrase in a recent speech "... on what is achievable today, tomorrow, the day after. This means taking the arduous, yet the only feasible, approach of small steps, which make conditions a little better, a little more just, from day to day."

The system has also made the unions themselves exceptionally rich. They have become not only supporters of, but beneficiaries from, the social market economy. Among the extensive financial interests of the Deutsche Gewerkschaftsbund (DGB), the counterpart of the British TUC, is a major bank, a big building society and a flourishing travel business.

A.D.

IT MUST seem ironic to many of those outside West Germany that the chief shop stewards of several VW plants serve on the day-to-day management supervisory board that agreed to massive lay-offs at the time of the company's financial crisis in early 1975, and that voted unanimously last April in favour of management's ambitious plans to build cars in the U.S. for the sake of lower labour costs.

In spite of this sober and constructive record, the Mitbestimmung law was passed only after years of political wrangling. It provides for the workers' and shareholders' representatives on a supervisory board to be equal in number; this will vary according to how many employees a company has, but will reach a maximum of 10 each for the largest concerns. On the workers' side of the table, three of the 10 will be nominated by the trade unions and approved by a vote of all employees. Six will themselves be employees nominated by at least 100 of their workmates and elected by the entire company's work force.

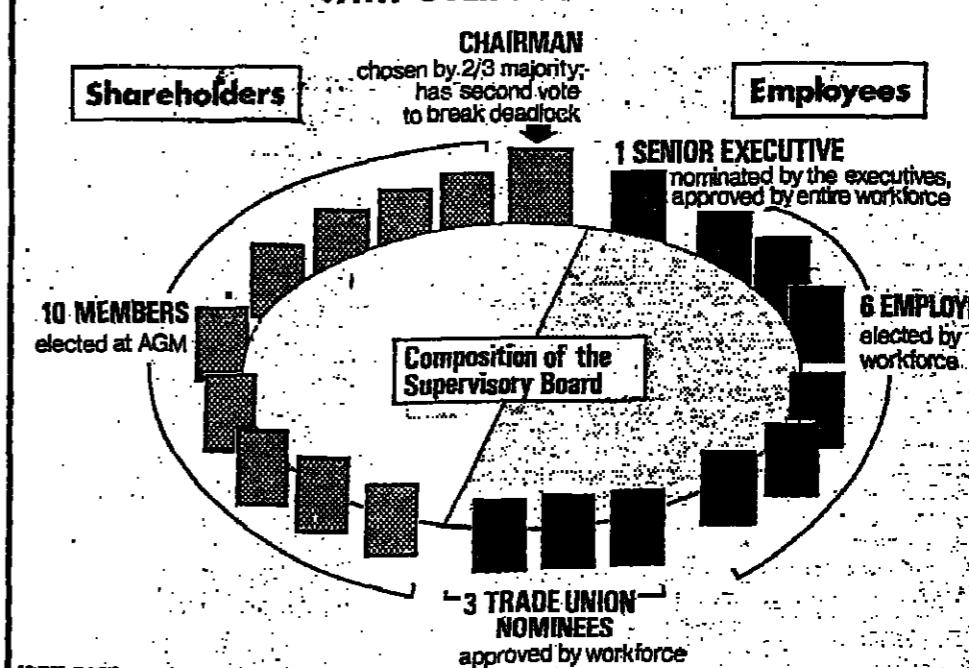
Under the terms of the new co-determination, or Mitbestimmung, law that came into effect last July 1, the 650-odd West German companies employing 2,000 or more workers must set up within two years arrangements for the selection of half of the members of their supervisory boards by their employees. And during the course of the new term of office just won by the Social Democratic-Free Democratic coalition, a fresh legislative start is expected to be made towards a general extension of the parallel principle of *Vermögensbildung* or "wealth formation"—giving the worker a direct stake in the company.

There is little dispute that the existence of these two quite different channels of communication has been an important part of the remarkable story of West German labour relations. In the coal and steel industries the trade union board members, whom the Allies had originally installed as the best guarantee against any clandestine rearmament, in fact played an enormously important role in the painful process of running down manpower and stepping up newer, more capital-intensive means of production during the 1950s.

In the manufacturing sector, a memorable recent example of the involvement of union and works council-nominated supervisory board members in key decisions has been Volkswagen. The head of the enormously powerful car workers' union IG Metall, Herr Eugen Loderer, in practical terms, however, it may

WORKERS' CO-DETERMINATION ('MITBESTIMMUNG')

IN COMPANIES WITH OVER 2000 EMPLOYEES



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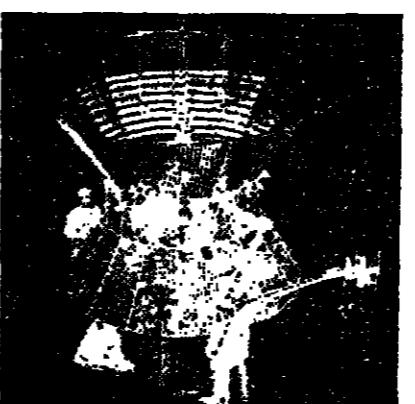
Civil Aircraft

MBB together with European partners is building the Airbus A300, the world's most economic and ecologically benign wide-bodied commercial plane, and is handling the overall spare parts supply. MBB is a partner in the development and construction of the commercial aircraft VFW 614 and Fokker F.28.



Astronautics

Nine satellites for which MBB acted as prime contractor or developed and built essential systems in international cooperation are orbiting successfully in space. These include both German-American Helios solar probes and the Franco-German communications satellite Symphonie. New communications satellites are in hand as well as programmes to exploit the European space laboratory "Spacelab" for tomorrow's technologies.



Military Aircraft

MBB is engaged in the development, construction and support of military aircraft. The main programme comprises the combat aircraft Tornado developed in European cooperation together with BAC and Aerialia within the scope of PANAVIA. Further activities: F-4 Phantom, F-104 Starfighter, C.160 Transall.



Helicopters

MBB developed and built the first German production helicopter, the BO 105. This multi-purpose helicopter has proved itself in 14 countries over four continents in executive, rescue, offshore and police operations.

Transportation

MBB has pioneered light-weight construction in the rail vehicle sector. This type of construction was adopted not only for the underground and commuter cars, carriages, sleepers and dining-cars supplied by MBB, but also, for the first time in long-distance traffic, for the new "Intercity" express train, run by the German Federal Railways. Innovative transportation systems are serving to solve tomorrow's traffic problems. MBB is developing the Cabintaxi and the magnetic suspension railway in a working group together with Demag and Krauss-Maffei, respectively.



Defence

MBB is developing and building defence systems. The antitank weapon systems MILAN and HOT and the low-level anti-aircraft weapon system ROLAND, developed in Franco-German cooperation by MBB and Aerospatiale within the framework of Euromissile, as well as the nationally developed air-to-ship weapon system KORMORAN, are all enjoying international repute.



Further Activities

Environmental control, oceanography, cybernetics, energy technology, systems studies, EDP service and consultation, planning, simulation, transmission technology, telemetering methods, communal technologies.



Messerschmitt-Bölkow-Bölkow
GmbH
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D-8000 München 80/Germany

FOREIGN LABOUR

Contentious issues

THE NUMBER OF foreign German workers. The motor industry has become heavily dependent on foreign labour, as have the construction, public services and catering sectors, where Germans have become increasingly reluctant to do the dirty jobs.

The recession has shown that Germans would prefer to draw the dole than to do many of these jobs. Yet official policy is that so long as unemployment remains high the present ban on new foreign workers entering the country will remain, and those now here are to be given greater incentives to return home. An example of the latter is the German Government's sponsorship of small industries in Turkey which could allow returning migrant workers to bring their acquired skills back to their own countries.

Yet this whole approach appears to many social critics, many businessmen and many foreign workers themselves increasingly unrealistic. Some 500,000 Turks, 400,000 Yugoslavs, 280,000 Italians, 100,000 Greeks, and smaller numbers of Arabs, Spaniards and Portuguese in Germany, many having their families German, adjusting to social and cultural differences and seeing that they get the special social services they need.

Failure to do this in several cities has led to the familiar problems of ethnic ghettos and to the familiar response of building new entrants from specific areas where their arrival would bring the proportion of foreigners above 12 per cent.

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A.D.

NANCE

Jap/1976

FUND'S AND SAVINGS

Prospects for expansion

IT and a fair day's work depth of the downturn in the additional German visitors first half of 1975 was causing savers' interest in the fund has membership of 80 funds, re- somewhat softened the income. Even to-day, when the with the performance on the suffered more withdrawals than employee's work ethic, economy is well on the way to the country's stock exchanges. For inflows.

emphasis on building recovery, the citizens of the instance, 1972 was an excellent financial nest egg remains. Federal Republic are putting year, while 1973 was less than end of the year, however, and as not many people take their disposable income, each perhaps unfairly tarnished the demand in the whole 12 months. Performance during the first half year stood at 14.5 per cent.

Most of the money set aside is destined for a savings account in a house, sell your dog and banks or the local authority-backed savings banks. But of the worst on record for the being seen as a profitable investment, although shareholding is not German investment fund in alternative to other cash investments as it may, the average although shareholding is growing dusty. For the first time on merit media. The savings rate in the country's mutual fund record the Bundesverband. The BVI's membership Deutscher Investment Gesell- declined from 85 in 1975 to 82

Over the past five years or so schaften. (BVI) which has a by January last and now stands certainties and figures for just published rationalisation and mergers, and appear to justify the BVI's not an indication of dwindling popularity. In January this year it was clear that the upturn was well under way. Sales of certificates rose from December's DM230.7m. to DM280m. (£71.1m.)—a far cry from the meagre sales of DM92.9m. in January the year before.

Prospects still seem bright despite the recent heavy declines on the Federal Republic's stock exchanges. In August the BVI reported that sales of certificates were relatively unaffected by stock exchange un-

able better than in July 1975, small proportion of the when investors cashed in some country's saving deposits. But DM25.8m. more certificates providing they can out-perform than were sold.

September figures show that interest offered on savings demand returned to the year's accounts, their potential is former levels with sales of enormous. DM289.8m., running five times between 1974 and the end of as high as in the corresponding 1975. In the first nine months of 1976 the BVI's members rose from 14.1m. to 15.5m., member funds had sold certificates according to the Bundesverband worth DM2.4bn., £60.1m.—a Deutscher Banken. This means a full 53 per cent. up on the that one in every four citizens performance in the first three quarters of the Federal Republic has an account with a private bank, and the figures exclude the accounts of the trusts have increased by 11.9 per cent. from DM17.8bn. to DM19.7bn. (£5bn.), and at the end of September stood 20.3 per cent. above the figure 12 months before.

At the end of 1973 savings on deposit with the private banks totalled DM50.4bn. and by the end of last year they had risen by 35 per cent. to DM67.8bn. (£17.21 bn.). During the same period the average sum in each account had risen by DM850, or 25.4 per cent. to just under DM4,200 (£1,065). In all, this constitutes an enviable market, ripe for the tapping.

G.H.

STOCK MARKET

Gearing for growth

A typical stock market indeed there is no one index that the Commerce which the German financial index of the prices of world can associate indisputably. German shares should with the market.

From low to low just after German stock market, as an German industry has developed its own way to finance itself and that way is not present if has received in the last period. The present reform of German corporation tax and, as always, it has been given the name of "the market". What the market is disconnecting now is the chance that the best of the German economic story is already over.

A German stock market is indeed affair in comparison. The industry it theoretically seems. Only 465 companies listed on its eight bourses now. Seven years ago there were 1,000. The market is thin, with never that is, only a fraction of London's and which is now brought in a reform that is designed to make it more attractive for entrepreneurs to

choose the Aktiengesellschaft, and the obvious need for financial consolidation in industry their company format. This put DM5.3bn. nominal worth should have the long-term advantage of giving German industry a more solid capital base.

It is also designed to make German shares outstanding to

shares a more attractive investment for the man in the street.

This in turn could and should spread the very concentrated ownership of German industry, and make the bourses livelier.

Dividend

Until now — in fact until the beginning of next year when the new tax regulations go into effect — dividend income has been taxed twice over, once with corporation tax and then with the income tax of the shareholder. A public company paid company tax of 24.56 per cent. on distributed profit and 51 per cent. on retained profit. Under the new regulation retained profit will be taxed at rate of 56 per cent. Profit distributed as dividends will be taxed at 36 per cent. taken from the company, but this money can be set against income tax by the shareholder.

The loser from this complicated adjustment is the foreign shareholder. He has no right to cash in his tax coupon, and he suffers from the fact that the rate of tax on distributed profit has risen. Despite a considerable amount of protest, the Finance Ministry could not see its way to arranging some relief for foreign shareholders. The only hope is that double taxation agreements will be altered in a way that will allow him, one day, to set his extra German tax burden against his home income tax. In the meantime this tax reform has dampened a considerable source of stimulus for the German stock market. It will be interesting to see what effect it has on the flow of new issues in the German bourses.

Last year was, by German standards, a very active one for new issues. The combination of a rising post-recession market

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Last year was, by German standards, a very active one for new issues. The combination of a rising post-recession market

N.C.

Source: MA1976

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WEST GERMANY XII

Successes in nuclear engineering . . . problems in selling it abroad . . . politics and the aerospace industry . . . co-operative ventures . . . the Airbus project . . . the computer industry as it tries to catch up . . . State support . . . telecommunications and the need to develop the home market . . . Post Ministry caution.

NUCLEAR INDUSTRY

Growth still largely independent

AFTER POURING a total of a year on this basis. The remaining DM1bn. into nuclear research five or six units must be sold and development. West abroad. Germany to-day has a nuclear Kraftwerk Union already has industry equal to any in the an impressive total of 26 nuclear world. Indeed, aside from the generating "blocks," on order, difficult choices that must be with a total value of DM30bn. made in apportioning funds. This makes this company the between the theoretical nuclear most sought-after nuclear systems of the future, tech-tractor in the world after technology is no longer the key Westinghouse and General Electric to determining the property of the German atomic industry. The problems to-day are mainly those of the politics of nuclear exports and, at home, of mounting environmental constraints.

It is estimated that the German nuclear industry currently employs 40,000 people.

This is about the same number as are employed in the German aerospace industry. The two

most important companies in the field are Kraftwerk Union, a

jointly owned subsidiary of Siemens and of AEG-Telefunken, and BBR, the combination of Brown Boveri and Babcock and Wilcox. As they are

set up at the moment these two

concerns have the capacity to

produce eight atomic power

stations of 1,200MW capacity a

year—six from KWU and two

from BBR.

The current installed capacity of nuclear power in West Germany is 3,500MW. In the wake of the oil crisis it was initially planned to boost this figure to between 40,000 and 50,000MW by the middle 1980s. But with the time needed to gain nuclear planning permission and to fulfil increasing safety criteria growing ever longer, it is now clear that a total capacity of 35,000MW by 1985 is the most that can be aimed for. The German market is thus only going to be good for between two and three units

came early this year when South Africa accepted a French tender from Framatome for the construction of two nuclear power stations. Until this surprising news broke it had been assumed that KWU had the deal in the bag. The South Africans dropped the German tender because they were piqued by German Foreign Minister Genscher's outspokenness against South African apartheid.

This year has seen increasing German public discussion of the problem of reprocessing nuclear fuel after use. It was the German agreement to sell reprocessing technology to Brazil that angered the Americans, for it is this technology that threatens to put plutonium and bomb-making ability into its buyers' hands. One solution could be international fuel processing centres under the control of the International Atomic Energy Agency. Both West Germany and the U.S. are in favour of this idea in principle, but the practical difficulties are great. In the meantime there remains the distressing possibility that it is the country offering reprocessing technology that will receive orders for nuclear power plants from the less developed countries.

In the short term, spent nuclear fuel from the sort of pressurised water reactors now becoming standard in West Germany can be stored. In the longer term such storage becomes dangerous as well as uneconomical. The internal German nuclear programme is becoming increasingly vulnerable to the charge that it has not devoted enough attention to the problem of reprocessing—that, as one German newspaper put it, "planes are being allowed to take off with little idea of where they will land."

There is a plan to build a

nuclear fuel reprocessing plant in Lower Saxony at a cost estimated between DM5bn. and DM8bn., an immense amount of money. So far the location has not been decided upon. The idea would be to lower the final waste into salt caves directly below the plant. The plant is tentatively scheduled to come on stream at the end of the 1980s. It would have the capacity to deal with the spent fuel from about 50,000 MW of atomic power stations—about what Germany should have by that time.

Meanwhile the German Government is devoting substantial funds to the development of the next generation of nuclear reactors. The two main projects here are the building of the SNR-300 fast breeder reactor and the 300 MW Schmelzhausen high-temperature "pebble bed" reactor. These are two of the most expensive programmes in the whole catalogue of German Government research spending.

Inflation

The SNR-300 is being built by West Germany, Belgium, the Netherlands and Luxembourg, with the manufacturing consortium being headed by Internatom, the wholly-owned subsidiary of KWU. The site is at Kalkar near the Dutch-German border. The project was started in 1972, with an estimated completion date of 1981 in mind. The original cost of the project was set at DM1.5bn. This has since been inflated to an estimated DM2.3bn., partly due to the overall rise in costs and partly due to more stringent demands by the licensing authorities.

Largely because of the fast

rising cost of "going-it-alone" in this field, West Germany has

now concluded an agreement with France to pool the know-how coined from the SNR-300 project with the considerable French expertise in the fast-breeder area.

West Germany has a rather lonely and exposed position in the construction of high-temperature reactors because its major project, the 300MW pebble bed reactor at Schmelzhausen, is now two years behind schedule and has almost doubled in estimated cost to DM1.5bn., and because the Americans have pulled out of the game. This pebble bed atomic industry, the future of the German aerospace industry is bound up more with politics than with technological or business acumen. Remarkably few of the German aerospace industry's post-war products have become business successes.

The German Government has

also negotiated an agreement with France for co-operation in the high-temperature field as a sort of mirror image of its agreement in the fast breeder area. Unfortunately, French enthusiasm for the high-temperature reactor does not seem to be great, and so far it appears that Germany will have to soldier on alone. Atomic power experts in Bonn insist that the Schmelzhausen reactor will be completed. But, although technically elegant, this project has an aimless feel to it. The high-temperature reactor is earmarked ultimately to produce process heat rather than electric power, but the Schmelzhausen reactor is designed to produce the latter.

Meanwhile work on the helium turbine—a logical component if the helium-cooled high-temperature reactor is to be used to generate electricity—has been curtailed for shortage of funds.

N.C.

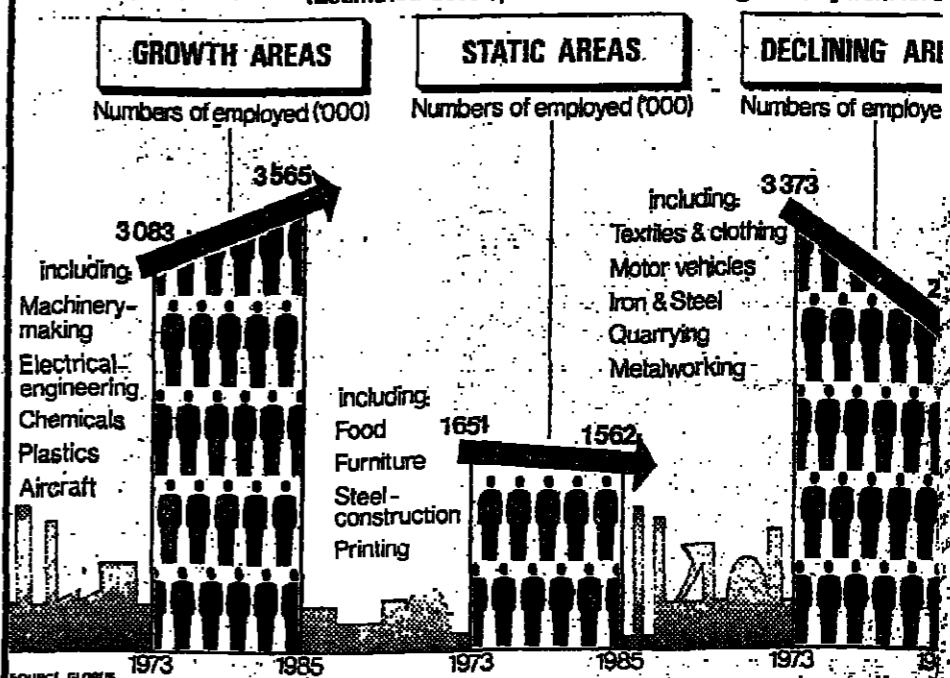
LIKE THAT of the German were Dr. Gruener's conclusions. Franco-German Alpha engineering skill that remained intact, and a series of the latent aeronautical grammar in which Dornier's aerospace industry is bound up more with politics than with technological or business acumen. Remarkably few of the German aerospace industry's post-war products have become business successes. On the civil side the industry is in the grip of quasi-political manoeuvring designed to create a European aircraft industry either in co-operation with, or in competition with, U.S. industry. On the military side there can be little doubt that German aerospace would already have achieved some notable export successes were it not for government restrictions on the sales of German weapons abroad.

So distant from commercial reality has the German aerospace industry become that the Government recently undertook a thorough study of it to see whether the business was worth pursuing. Inevitably the answer produced by Secretary of State Martin Gruener was that it was. The industry was a technological hothouse, it could not be shut down without foreign political consequences, it already employed too many people to be stoppable; those, in brief,

HIGH TECHNOLOGY

STRUCTURAL CHANGE OF EMPLOYMENT IN GERMAN INDUSTRY

(Estimated development of manufacturing industry from 1973)



AEROSPACE

Co-operative effort

Worth

ROSPA

CONTINUED ON NEXT PAGE

Ω Salzgitter

Salzgitter thinks

in world-wide terms

Salzgitter AG has assumed a leading position among German companies in East-West trade. The location of some vital establishments of this government-owned industrial group on the eastern edge of the European Community is very advantageous. Salzgitter's export share to the state-controlled trading countries far exceeds the average of all other West German enterprises. While the Federal Republic reported an Eastern Bloc trade share of about 8 per cent in total exports made in 1975, Salzgitter's supplies to COMECON countries in the same period accounted for about 37 per cent of its total export sales, amounting to DM 2.8 billion.

Salzgitter is the name of a young industrial town, one of the Federal Republic's 62 major towns. Covering an area of 218 square kilometres with 120,000 inhabitants, the town of Salzgitter exceeds in size the stock exchange metropolis of Frankfurt-on-Main.

What is more, Salzgitter is the name of an industrial group, ranking among the top 20 companies in the Federal Republic in terms of turnover, with some 56,000 employees producing goods and services worth about DM 10 billion. Stahlwerke Peine-Salzgitter AG, the largest subsidiary of the Salzgitter Group, produced 4.3 million tons of crude steel, in the last business year thus maintaining its share of around 10 per cent of German steel output.

Howaldtswerke-Deutsche Werft AG—another company of the Salzgitter Group—is among the front runners of the 10 largest shipyards in the

world. In addition, the Salzgitter Group incorporates a rolling stock factory, several steel construction and mechanical engineering companies, a deep drilling company, industrial planning and plant layout enterprises, as well as several trading and transportation companies.

What applies overall to German industry, applies to Salzgitter as well: exports go to almost every country in the world. Shipments to state-controlled trading countries and to America, Africa and Asia are much the same in volume. The remainder goes to the countries of the European Community and the former EFTA. Eastern countries have a tradition of dealing with Salzgitter, dating back to the fifties when rolled steel supplies and large-scale orders in the shipbuilding and chemical industries—so far eight "turnkey" plants—had already been supplied to the USSR. Shipbuilding business with the Soviet Union, too, draws upon years of experience. Deliveries by the Salzgitter Group to the state-controlled trading countries comprise large-diameter tubes, mining machinery, transport facilities for container shipment, and equipment construction products.

One tangible proof of the ever expanding commercial relations between the Federal Republic and the Soviet Union, which has attracted much public attention, is the integrated steelworks of Oskol in the Kursk area. "This project," reports Hans Birnbaum, Chairman of the Board of Salzgitter AG, "in many respects sets new and innovative standards. In practical terms,



This past July, the billion-DM Kursk project entered its crucial stage. The preliminary work done by the German partners had gone ahead to the point where Salzgitter Chairman, Hans Birnbaum (second left), could hand over, in Moscow, 25,000 closely printed sheets of paper containing the feasibility study on the steelworks.

the Kursk project will not only involve the building of a sophisticated metallurgical complex the size of our Peine-Salzgitter AG works 'on the green fields', it will also adopt a new process, direct reduction, which will be used for the first time on a large industrial scale.

This venture into an unknown technical field entails of course a number of risks, but it also presents the opportunity for gaining new technical know-how to be used on a world-wide scale." The Kursk project is too large in size to be designed and implemented by one enterprise solely, and five big German concerns have joined the consortium; besides Salzgitter are

Krupp, Korf, Siemens, and Demag. The entire German equipment industry and some European enterprises will participate in the expected huge scale of supplies which will be needed.

The Salzgitter Group is well known for its world-wide commitment, covering exports of finished products and technical know-how as well as imports of raw materials and manufactured products. The Group maintains relations with the world trading centres. Salzgitter's wealth of experience and expertise makes it a reliable partner.

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INDUSTRY

recovery
encouraging home
wering from the

WEST GERMANY XV

July 1976

MOTORS

Strong recovery at home

GERMANY's prolonged motor car sales are buoyant. The war with the motor car is home market recovery has in point out that during the same period railways fares in the Federal Republic have gone up by some 61 per cent, while other public transport charges have risen 53 per cent.

In the first eight months of this year was a full research institutes has had to revise its car ownership forecast, above last year's revised forecasts, thanks largely to increased domestic. The Deutsche Institut für Wirtschaftsforschung originally

year and in 1974 German predicted that a figure of 326 cars held back from the cars for every 1,000 residents with the zeal of re-education would be reached by 1980. Now

alcoholics from drink. As it seems that the West Germans' passion hit deeper and will hit that magic number by

grew, the trend at the end of next year.

German virtue of thrift steadily spiralling car prices early reassured its appear to have had little effect on sales. Between 1970 and 1975

they rose by 36 per cent—a year, although the reasonably strong upward move still appears to be holding man considering the country's in every other sector, creditably low inflation rate.

However, the motor companies export markets, German sales in point out that during the same period railways fares in the not only depressed, but in

the vital U.S. market remain not only depressed, but in decline. Last year unit sales of German cars in the U.S. dropped 22.2 per cent from 1974's 594,000 units to 462,000. This year the plunge has continued.

Undoubtedly Volkswagen, itself is largely to blame for its

decline has come entirely situation. Its decision to build

at the popular end of the market—in other words, Volks

Stanton, Pennsylvania, an

wagen's sales have virtually fallen to pieces. Demand for the been taken years ago. Now it

far-up market. Daimler-Benz and seems the go-ahead—delayed by

BMW models remains strong.

During the 1960s and early 1970s, VW virtually controlled the U.S. small car market, but

unlikely that there will be any major investment in increased capacity until exports show a clear sign of picking up.

The German motor car industry's export performance seems likely to remain in the doldrums for some time to come. Although commercial vehicle exports appear to be pretty satisfactory, car sales have been hard hit by

the rapidly rising value of the D-mark.

Wage costs in the German car industry are virtually on level

335,000. The attrition continued

pegging with those of Detroit, last year and sales fell by a

further 22 per cent, to 260,000.

Federal Republic do not enjoy

This drastic decline accelerated

the decline of the dollar's value

from DM4 to to-day's about

DM2.5 pulled the carpet from

underneath it. It was perhaps

unfortunate that the oil crisis

should have coincided with the

rise in the D-mark's value, but

in real terms it only hastened

a process that had already

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In 1970 Volkswagen sold

570,000 of its ubiquitous Beetles

in the U.S. market, but by 1974

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WEST GERMANY XVI

Chancellor Schmidt returned to power . . . majority sharply reduced in a high poll . . . political cross-currents increase in strength . . . basic stability not threatened . . . obsession with internal security increasingly anomalous.

AFTER THE ELECTION

Coalition rule survives

ON THE MORROW of the general election just two weeks ago, West German politicians awoke to a new alignment of party strengths the full meaning of which continues to be the subject of considerable speculation.

The voters had returned Chancellor Helmut Schmidt to power but had cut the Parliamentary majority of his Social Democratic/Free Democratic coalition from 46 to eight. They had deserted the coalition parties in sufficient numbers to leave as the largest grouping in the Bundestag the Christian Democratic opposition—which failed only by a hair's breadth 1.4 per cent of the popular vote to secure an absolute majority.

Chancellor Schmidt has confined his comments on this changed situation to the succinct observation that "a majority is a majority" and has tried to give the impression that business will be carried on as before. His Foreign Minister and coalition partner, Herr Hans-Dietrich Genscher, has reaffirmed his party's commitment to stick with the SPD and has firmly turned down all overtures from the CDU leader, Herr Helmut Kohl, for a change of coalition partners.

Herr Kohl, having asserted his "moral right" as leader of the largest party to be given the chance to try to form a new government, has now to consider the various different strategies that might break the coalition apart and force the FDP to reconsider. Meanwhile, the man who could claim to have gained more ground than anyone else has found himself unexpectedly under attack from the Right wing of his own party.

The coalition has now endured for nearly eight years, and it is worth recalling that it originally won office under Herr Willy Brandt and Herr Walter Scheel with a majority of only 12. The 1976 election saw the strength has been his alliance able members of the present that it would be the start of a

SPD lose 3.7 per cent of the popular vote compared to the outside the SPD, and his ability has found itself accused of an acute shortage of ministerial reaction which seems to bear essentially liberal economic talent. Failure to promote new opinion polls that the liberal, renewed wage restraint while centrist leadership of the coalition under Herr Schmidt and shoot upwards in the interests of financing job-creating new

with the unions, which stand coalition Cabinet that the SPD process of eroding the FDP's allegiance to the SPD in Bonn, and thus of engineering the fall of the Schmidt-Genscher coalition in preparation for a new CDU-FDP grouping. Second, the saga of the Polish treaties last March showed Herr Kohl the way to use the Bunderstat as an effective weapon of opposition—though much would depend here on the precise bargains struck with the FDP.

Indeed, some political analysts believe that even if Herr Brandt had ridden out the East German spy scandal that forced him to resign in 1974, and had remained Chancellor, he could not have re-election this year.

It is not easy to know how far his power as a proven vote-winner will secure Herr Schmidt's position within his own party in the longer term. He is a politician with no great taste either for electioneering per se or for party affairs, and under the present set-up Herr Brandt as party chairman remains the indispensable emotional lynch-pin of the SPD organisation, while Herr Schmidt gets on with the business of government.

That has led to undisguised differences between the Chancellor and the Left-wing of the party, which were put to one side during the election campaign but could easily come to the surface again. The essence of them is that Herr Schmidt is closer in sympathy to the CDU than he is to many in his own party.

Thus there may be renewed pressure on the Chancellor to reintroduce such measures as investment "steering" and to take reflationalary action to reduce unemployment. There may also be a fresh array of Left wing SPD proposals for further extensions of the public sector and of the welfare state, all of which have been held in check during the past two years of budgetary restraint and mounting official deficits.

In the past, Herr Schmidt's strength has been his alliance with the unions, which stand coalition Cabinet that the SPD process of eroding the FDP's allegiance to the SPD in Bonn, and thus of engineering the fall of the Schmidt-Genscher coalition in preparation for a new CDU-FDP grouping. Second, the saga of the Polish treaties last March showed Herr Kohl the way to use the Bunderstat as an effective weapon of opposition—though much would depend here on the precise bargains struck with the FDP.

Earlier this year, the Workers' Co-determination (or *Mitbestimmung*) Bill was offered as one gesture to the German unions, although they were not entirely pleased by its final form. The next major initiative may come from the coalition on the question of giving workers a financial stake in the companies that employ them, known in Germany as asset accumulation, or *Vermögensbildung*.

Inspiration

Yet here too, much of the intellectual inspiration is coming not from the SPD's socialist tradition, but rather from the liberal, free market orientation of the junior coalition partner, the FDP, and specifically from the Economics Minister, Herr Hans Friderichs.

The coalition's weakened Parliamentary position as well as the shape of the popular vote make Herr Schmidt even more dependent on the FDP. Its four senior Ministers in the present Cabinet—Herr Genscher, Herr Friederichs, Herr Werner Maihoffer at the Interior Ministry and Herr Josef Ertl at Agriculture—will doubtless keep their posts if they wish to.

Indeed, with the exceptions of Herr Schmidt himself and Herr Hans Apel, the SPD's Finance Minister, they have been so much the most noticeable members of the present that it would be the start of a

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ighting off the 'spy in the cab'

By IAN HARGREAVES and ARTHUR SMITH

Shattered dispute of drivers over tachographs has taken a turn for the worse. The national road transport committee of the TGWU, which is no less opposed to tachographs than Mr. Law, has taken the ability to tachographs which had been playing the issue more cautiously—decided to support for the Midlands drivers' position, although it wants their action postponed to allow a national delegation to meet Mr. Rodgers. That delegation will demand nothing less than Government support for resistance to the EEC directive.

It is the case with the Government's decision to avoid a decidedly unwise decision on when to meet Mr. Rodgers. That delegation will demand nothing less than Government support for resistance to the EEC directive. At the same time, Mr. Law has announced that lorries containing tachographs will be allowed into British warehouses from next January.

Fait accompli

The issues are not complex, although some of the motives of the parties involved may be.

The tachograph is an electronic measuring device incorporating a clock, a speedometer and one or more wax discs on which a stylus etches a record of the mixture of distance travelled to Brussels and the fear of the response of transport unions.

Advocates of the device, such as elements of the road safety lobby, also point to its ability to provide reliable evidence of the speed at which a lorry was driven by tanker drivers at the time of an accident and of its value in some of their claims.

Significantly, it emerged that the 4,500 drivers in the Government's lobby, also point to its ability to provide reliable evidence of the speed at which a lorry was driven by tanker drivers at the time of an accident and of its value in some of their claims.

It is now in use, uncontroversially so far as one can gather, in all EEC countries except Britain and Ireland. British operators use tachographs for international journeys without union resistance, but relatively few have them fitted in vehicles used only on domestic trips. However,

because tachographs are fitted as standard on all new European-built lorries and increasingly since January on new British-built vehicles, the basic opposition of the unions to the system has been met so far by operators neutralising their tachographs. They do this by fitting a blank disc in place of the wax plate used for recording. This, in itself, is a violation of the device's purpose.

But now some drivers, taking a lead from the Ellerslie Port and Midlands men, are arguing that the build-up in the number of inoperative tachographs is opening the way for the Government to bow to the EEC and enforce what would within a short time be virtually a fait accompli.

There are no reliable estimates of the percentage of tachographs in UK lorries, but in some fleets, where there is a predominance of imported vehicles, the proportion is as high as 75 per cent.

Mr. Law advances the drivers' two standard arguments against the tachograph. These are that, as the "spy in the cab," it is an absolute infringement of the personal liberty and integrity of drivers, and that the present logging system is not adequate. He also rejects the road safety case by pointing out that Britain has, with the possible exception of West Germany, the best road safety record in the Community.

Mr. Jack Ashwell, national secretary of the TGWU commercial road transport group, takes a different line. He claims that although the tachograph may be useful to a driver brought before a court after an accident or on a speed-charging charge in establishing speed at the time of the incident, any driver who chose not to pro-

duce the record would automatically appear to be guilty. More significantly, Mr. Ashwell is concerned that the tachograph will undermine productivity by bargaining arrangements by involving drivers in wearisome explanations, probably in writing, or minor delays incurred during a week's work.

He insists that since Dr. John Gilbert, the former Minister of Transport, made what was the most honest statement of the Government's position to date—that tachographs would one day be obligatory in the U.K.—the union's new hardline position is not up for negotiation.

This toughness of stance does, however, conceal a potential channel of progress. It centres on the EEC itself, where since 1975 when the TGWU found itself on the losing side of the referendum on membership of the Community the union's leaders have played an active role.

There have been two main advances. First, last February

a joint European employers' and unions' committee on transport accepted a suggestion from Mr. Jack Jones, general secretary of the TGWU, that the EEC should set up a committee of inquiry into the U.K. case on tachographs. Although the EEC is unlikely to agree to this idea, which it has so far noiselessly sidestepped, the British Government is now trying to reactivate it, possibly in a slightly different form. The attraction to the Department of Transport is that if the committee evenly represented all EEC unions and road hauliers, the TGWU would be quickly outgunned.

The second possibility relates to a more recent event, the swaying of the transport sub-committee of the EEC Economic and Social Committee, again by

the active Mr. Jones, in favour of tachographs, opposed to tachographs anyway on grounds of cost and lack of necessity. This, it is said, would meet the EEC's demand for equality of competition in international transport, without tachographs, probably in writing, treading on the acutely sensitive toes of the TGWU. The sub-committee's recommendation will have to be converted to ordinary speedometer operation, a process likely to cost at least £200 a vehicle.

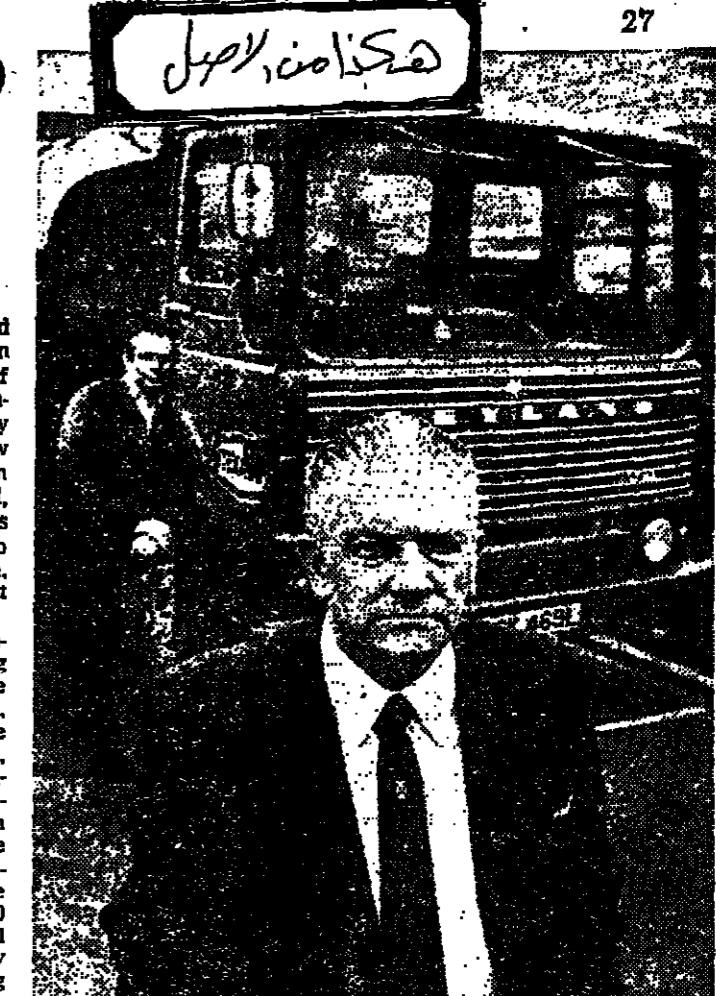
The tachograph manufacturers are also watching anxiously on the sidelines. The two main interests in the U.K., Lucas-Klunz and Smiths, have recently been joined by a third, the Dundee-based, American-owned Veedor-Roof. The industry has had its finger on the production switch (or in the case of Lucas-Klunz, the import switch) for a long time now and a network of 370 agents qualified to fit and seal tachographs under Ministry approval is ready and waiting for the influx of business which the Government's eventual submission to the EEC has been confidently expected to bring.

The industry still insists that it could meet the demand to supply instruments for an estimated 450,000 lorries if the Government does accept the have been held up on the other solution in its last issue.

Such a development could lift the Government, albeit grudgingly, off the hook, but there is not much confidence at the Department of Transport that this is a credible way out.

So in the meantime, the Department continues to speculate how it might ease in the regulations without too much friction.

Mr. Alan Law: An infringement of drivers' personal liberty and integrity.



Mr. Alan Law: An infringement of drivers' personal liberty and integrity.

law. Nor has the industry But perhaps for the long term, supply instruments for an estimated 450,000 lorries if the Government does accept the have been held up on the other solution in its last issue.

There was a growing belief "that companies' hope is that the problems on tachographs can

be resolved by an overhaul of the system of payment for drivers. This would give lorry drivers a salary structure where there is no longer an emphasis on hours."

It is interesting to speculate whether, if lorry drivers were salaried, they would then be well leaders.

That particular hypothesis is untested, although it may not other benefits it confers, or remain so if the TGWU responds whether at that point European

authorities would lose all the driver members on the issue, anyway.

Letters to the Editor

ere graduates e gone

See Director of External
London Graduate
Business Studies

Last year at this time you
me to relate to your
the experience of one
a school in the placement
graduates. At the end of
ar's recruitment season,
review may be of
Regent's Park, NW1

split of the troubled
master's graduates was
ingly resilient. All students
were successfully placed
firm job offers in their
within two months of
on. Companies are not
detected by present un-
es from their vital search
potential young men
to safeguard their
and they continue to look
on those who have
the initiative to prepare
ives for a business career.
lowing tables show the
of masters students
a past three years:

1973 1974 1975
new entrants 22% 22% 22%
graduates 44% 45% 47%
employment 22% 13% 13%

The status of engineers

From Mr. R. Headlam.
Sir—I am the managing director of a relatively small specialist engineering company and am particularly interested in Michael Dixon's article of October 13.

Engineering companies would be pleased to subsidise students provided the end result was satisfactory. Unfortunately I do not think it would work, because it would create a divisive system and might even cause a lowering of standards due to entrants being attracted by higher grants.

There is only one way to improve the quantity and quality of engineers: that is by making the profession more attractive in terms of status, salaries and general encouragement from educational sources.

Unfortunately, because of the snobbish status-consciousness displayed by school teachers in public and grammar schools in the past (there are a few exceptions), children have been encouraged to think of engineering as a second class profession. Also the teachers themselves are generally ignorant of the actualities of engineering life. This underlines the need for more mature, industrially experienced lecturers. Practical work is also essential for an engineering career, where the ability to relate academic knowledge to practical problems is fundamental.

The well-being and material wealth of the entrepreneur, non-professional executive, accountant, lawyer, etc., important though they may be, depend on the quality and expertise of the applied science practitioners. The economic strength of this country depends on the same people, that is, the producers. Therefore, it would not be too egotistic to suggest that unless the boiler suit mentality is put aside by everybody (including engineers), we are doomed to becoming a poor nation whose only claim to technological expertise will be that we discovered or invented many things in the back rooms of Oxford, for the rest of the world to apply and reap the benefits. This may be good for the nation's ego, but it will not fill the people's bread bin.

R. C. Headlam.
33, Denzey Park,
Harrowford, Didsbury,
M17 1JF.

that the country faces an economic crisis of almost unprecedented magnitude. Liberal MPs claim to represent some 8m members of the electorate. With a third of their numbers absent, they have effectively disenfranchised 2m voters.

Russell Johnson, it is reported, did not attend as the outcome of the vote was a foregone conclusion. Surely we have a debating chamber not a voting house. Others were absent abroad at the opening of a parliamentary session, one could not be found. John Pardoe did his best to hold the fort, but was presumably restrained by lack of party strategy or policies; he could merely comment on the long term nature of the crisis. Having magnanimously cleared the issue of coalition, we cannot just lie back as willing partners to rape. If we believe in national government, we must be the party of national government.

Surely we must have some positive views on the economic situation. Have we totally abandoned a prices and incomes policy, I hope so? Do we, or do we not believe that public spending is too high? What is our view of the "social contract"? Someone should have the guts to challenge the price of voluntary wage restraint when it is so appallingly high in terms of compensating illiberal legislation. Do we believe in a system which fixes not only a maximum but also a minimum level for wage settlement? Have we forgotten that the "social contract" is pledged to ensuring real incomes are maintained, when every day we are warned of a reduction in living standards?

Surely the Liberals must condemn the immense influence and power of union leaders with the same vociferous enthusiasm as they previously devoted to multi-national and capitalist institutions.

I don't want to be a pink Tory or a blue Socialist, but as a Liberal PPC I have absolutely nothing to sell other than a remote and ethereal ideology. No one will flock to such a discredited image as a focal point for a national government.

John Crowley,
Glenree,
Marefield Park,
Uckfield, Sussex.

Accounting for inflation

From Mr. D. Smith.

Sir—Michael Lafferty (Octo-
ber 13) skates very lightly over the real problem facing the accountancy profession, which is how far the individual practising members are prepared to have their professional consciences dictated to by a handful of theoreticians whether Govern-
ment backed or not?

After the fiasco of the defered taxation standard I had hoped that the Accounting Standards Committee would have realised the need to introduce a little democracy into the process. We professionals are very happy to encourage the ASC in its task of research and drafting standards and, let there be no mistake, it is an onerous task and the ASC has done an excellent job. But its work ends with the drafts. The decision as to whether they will be implemented belongs to the whole membership of the profession; it has not been decided.

Sir—The conduct of the Par-
liamentary Liberal Party during
the emergency debate on the
economy serves to illustrate the
intense frustration of many of
us who are trying to keep the
party alive at constituency level
in the various offices in the profes-
sion. Majority opinion would suggest
that the party has neither the authority
nor the resources to do this. But
the party has a long history of
success in the past, and it is
the party's task to maintain
that tradition.

J. J. Wisdom,
51, Green Lane,
Bromham, Bucks.

GENERAL

Prime Minister opens new hall of residence at Ruskin College; Oxford—expected speech on education curriculum changes.

Labour Party national executive

meeting may discuss contents of Queen's Speech.

Japanese business delegation

representation Koidanen (Federation of Economic Organisations) continues talks in London.

Full planning committee meet-
ing of the Greater London Coun-
cil to consider scheme for multi-
million pound Labour Party head-
quarters.

This procedure would cost a sub-
stantial sum of money, but if any topic is of such impor-
tance as to require an accept-
able standard, then surely it is appropriate to spend whatever is necessary to ensure that it commands widespread support from the members? To what better use could our subscriptions be put?

D. C. Smith.

5, Fernside Road,

Brooklands, Sale, Cheshire.

Trade Mark Office

From the Head of Division of
Intellectual Property Law
Commission of the European
Communities.

Sir—Your report (October 12) headed "London, Paris stake claim to European Trade Mark office," may unwittingly give the impression that France had formally proposed to accommodate the EEC Trade Mark Office, when it is established. No such proposal has yet been made.

At the Trade Mark Conference last week, at which I spoke, I posed the question whether British practitioners would be strongly opposed to a site in France, if the French Government offered one. This was no more than a question; the Commission is fully aware of and appreciates the hope which Her Majesty's Government has expressed that the EEC Trade Mark Office should be situated in London. For the time being, the Commission is uncommitted.

Bryan Harris.

De la Loi 200,
B-1049 Brussels.

This statement is misleading.

Insulation, double glazing and draught exclusion are all excellent and necessary ways to contain heat generated in the house or the office, and thus make accommodation warmer, while using the same amount of fuel.

You save fuel only by reducing the electricity you use, or the amount your boiler is working, and this you achieve by two means—insulation and then proper control of your heating system.

So many European countries have learnt this lesson already, and hence controls such as thermostatic radiator valves are now mandatory in many of those countries where insulation has been developed to a high degree for many years.

J. J. Wisdom,
51, Green Lane,
Bromham, Bucks.

To-day's Events

Lord Watkinson, president of the Confederation of British Industry, Churchill, report stage.

Commons Select Committee, Churchill, report stage.

NEW ISSUE

SEPTEMBER 1976

All these securities having been sold, this announcement appears as a matter of record only.

\$ 100,000,000

Compagnie Financière Michelin Overseas N.V.

\$ 40,000,000

8 1/2 % Guaranteed Notes Due 1983

\$ 60,000,000

9 1/4 % Guaranteed Bonds Due 1988

Unconditionally and irrevocably guaranteed as to payment of principal, premium, if any, and interest by

Compagnie Financière Michelin
(Basel, Switzerland)

Lazard Frères et Cie

Credit Suisse White Weld Limited

Algemeene Bank Nederland N.V.
Banque de Paris et des Pays-Bas
Deutsche Bank Aktiengesellschaft
Société Générale
Union Bank of Switzerland (Securities) Ltd.Banca Commerciale Italiana
Credit Commercial de France
Kreditbank S.A. Luxembourg
Société Générale de Banque S.A.
Swiss Bank Corporation (Overseas) Limited
S. G. Warburg & Co. Ltd.A. E. Ames & Co. Limited
Banca della Gattardino
Banca di Roma
Bank für Gemeinwirtschaft, Aktiengesellschaft
Bank Leu International Ltd.
Banque de Luxembourg S.A.
Banque Industrielle et Maritime Privée
Banque Lambert Luxembourg S.A.
Banque Populaire Suisse SA Luxembourg
Baring Brothers & Co. Limited
Bergen Bank
Berliner Handels- und Frankfurter Bank
Cazenave & Co.
Chase Manhattan Limited
Commerzbank Aktiengesellschaft
Continental Bank S.A.
Crédit Industriel & Commercial
Crédit du Nord
Den Danske Bank
D.G. BANK Deutsche Genossenschaftsbank
Dresdner Bank Aktiengesellschaft
First Chicago Limited
Fleming & Co. Limited
Gefina International
Hambros Bank Limited
Istituto Bancario San Paolo di Torino
Kidder Peabody International Limited
Klein & Aitken
Kopenhagen Handelsbank
Lazard Brothers & Co. Limited
Manufacturers Hanover Limited
Morgan Grenfell & Co. Limited
Nomura Europe N.V.
Peterbroek, Van Campenhout, Kempen S.A.
N.M. Rothschild & Sons Limited
Henry Schroder Wag & Co. Limited
Société Bancaire Barclays (Overseas) Ltd.
Société Lyonnaise de Dépôts
Sumitomo Finance International
Verband Schweizerischer Kantonalbanken
Westdeutsche Landesbank GirozentraleAndereins Bank A/S
Banco Urquiza Hispano Americano Limited
Bank Gutwiler, Kurz, Rungener (Overseas) Limited
Bank Julius Bar & Co. AG
Bank Max Fischer E.C.V.
Bank Mees & Hoy N.V.
Banque du Béneux S.A.
Banque Francaise de Dépôts et de Titres
Banque Internationale du Luxembourg S.A.
Banque Louis Dreyfus
Banque Rothschild
Banque de l'Union Européenne
Bauhaus Worms
Bayerische Hypotheken und Wechsel-Bank
Bayerische Versicherungsbank
Christiania Bank Limited
County Bank Limited
Creditaanstalt Bankverein
Credit Général, Société Anonyme de Banque
Credit Industriel d'Alsace et de Lorraine
Credit Industriel et Commercial
Credit du Nord
Credin Italia
Daiwa Europe N.V.
Richard Daus & Co. Bankers
Den Norske Creditbank
Deutsche Girozentrale Deutsche Kommunalbank
Dillon, Read Overseas Corporation
Effectenbank-Warburg Aktiengesellschaft
Efectuacapital S.A.
European Banking Company Limited
Finacor
First Chicago Limited
Robert Fleming & Co. Limited
Gefina International
Genossenschaftliche Zentralbank AG-Vienna
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Greenshields Incorporated
Hambros Bank Limited
Handelsbank N.W. (Overseas) Limited
Hessische Landesbank-Girozentrale
Hill Samuel & Co. Limited
Hollings
Interunion-Banque
Konsallis-Osaka-Pankki
Kleinwort Benson Limited
Kreditbank N.V.
Kreditanstalt Bankverein
Lazard Frères & Co.
Lloyds Bank International Limited
Manufacturers Hanover Limited
Samuel Montagu & Co. Limited
Sal Oppenheim Jr. & Cie
Smith Barney, Harris Upham & Co. Incorporated
Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co. Incorporated
Société Financière Assicurativa (SOFIAS) RAS Group
Société Générale Alsacienne de Banque
Société Privée de Gestion Financière
Société Seignanx de Banque
Svenska Handelsbanken
Tradition Securities Limited
Vereins- und Westbank Aktiengesellschaft
White, Weld & Co. Inc.

The following changes have been made in the structure of the Board and management of MERRY WIGGINS AND CO. Mr. W. J. McNeill has resigned as managing director, following the discontinuance of that office, but has been appointed deputy chairman with special responsibility for a number of group activities. Mr. C. H. Guinn has become general manager, operations, KCA Drilling; Mr. F. L. Moseley, general manager, operations BW Mud; and Mr. F. R. Wilks, general manager, administration, KCA Drilling and BW Mud.

APPOINTMENTS

Aberdeen
Trust
director

Mr. Ronald Scott Brown has been appointed a director of ABERDEEN TRUST. He succeeds Mr. B. W. Tawse, who has retired from the Board.

Mr. Keith M. Miller has been elected to the Board of THE MILLER GROUP. Mr. Miller is chairman of Peonant Plant, the plant hire subsidiary.

Mr. Quinton Hazell has joined the Board of ENGLISH AND CALEDONIAN INVESTMENT.

Mr. S. L. Norton has been appointed deputy managing director of THOMAS HILL-JONES.

Mr. Eric G. Bruce is to be acting managing director of HERCULES POWDER COMPANY. The British industrial chemicals subsidiary of Hercules Incorporated, U.S.A., from November 1. Mr. Bruce will succeed Mr. Gordon L. Allan who is to become director of marketing for Hercules Europe in Brussels.

EXCESS INSURANCE GROUP states that Mr. Peter Copeland has become bond underwriter. He succeeds Mr. Moses Cristofor, who has retired as a full-time executive, but will remain as a consultant to Excess for an interim period.

LESLIE AND GODWIN (HOLDINGS) state that Mr. N. W. Gant is retiring as chairman and Mr. Jacob Rothschild has accepted an invitation to succeed him as non-executive chairman. Mr. Gant will continue to serve as a director of Leslie and Godwin (Holdings) until December 31. Mr. I. C. B. Read will also retire as a director on that date. Mr. R. W. Baker will continue to combine the roles of group chairman of Leslie and Godwin (Holdings) and chairman of Leslie and Godwin Limited, the main operating company of the group.

Mr. T. R. Grieve has been appointed to the Board of NEWARTHILL.

Lord Barnetton and Mr. A. F. Roger, Board members of BRITISH ELECTRIC TRACTION COMPANY, have been appointed deputy chairmen. Sir Peter Matthews has joined the Board as non-executive director. He takes the place of Sir Robert Adeane, who did not wish to be proposed for re-election. Sir Peter is managing director of Vickers. He is also on the Boards of British Aircraft Corporation (Holdings) and Lloyds Bank.

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Notre Dame: An Int. Approach to Investment

Businessman's Dia

U.K. TRADE FAIRS AND EXHIBITIONS

| Date | Title |
|----------------|--|
| Current | Int. Exhn. and Marketing Seminar (cl. Oct. 23) |
| Current | Birmingham Ideal Home Exhibition (cl. Oct. 26) |
| Current | Intl. Garden and Leisure Exhn. (cl. Oct. 20) |
| To-day | Intl. Electronics Exhibition (cl. Oct. 20) |
| To-day | Junior Fashion Fair (cl. Oct. 21) |
| To-day | Kensington Antiques Fair (cl. Oct. 23) |
| Oct. 19-23 | Furnaces, Heat Treatment & Fuel Economy Exhn. |
| Oct. 20-30 | International Motor Show |
| Oct. 21-22 | Management Services and Equip. Exhn. |
| Oct. 22-31 | International Ski Show |
| Oct. 26-28 | Hightech Trade Fair |
| Oct. 26-29 | Microforum International Exhibition |
| Oct. 27-30 | London Fashion Exhibition |
| Oct. 31-Nov. 4 | British Int'l. Fashion Fair |
| Nov. 1-4 | Scottish Fashion Show |
| Nov. 2-4 | Nat. Housing and Town Planning Exhibition |
| Nov. 8-12 | Automated Production Exhibition |
| Nov. 11-21 | Caravan Camping Holiday Show |
| Nov. 14-21 | International Kitchen and Bathroom Show |
| Nov. 15-20 | Public Works and Municipal Service Exhibition |

OVERSEAS TRADE FAIRS AND EXHIBITION

| | |
|-----------------|---|
| Current | International Trade Fair (cl. Oct. 21) |
| Current | International Electrical Fair (cl. Oct. 24) |
| Current | International Trade Fair (cl. Oct. 25) |
| Current | International Boat Show (cl. Oct. 25) |
| Current | German International Boat Show (cl. Oct. 24) |
| Current | Intl. Hotel and Cater. Equip. Exhn. (cl. Oct. 25) |
| Oct. 19-23 | International Electronics Exhibition |
| Oct. 19-Nov. 1 | Fourth International Trade Fair |
| Oct. 21-27 | International Technical Fair |
| Oct. 27-30 | Fish Expo '76 |
| Oct. 28-Nov. 11 | Do-It-Yourself Exhibition |
| Oct. 30-Nov. 7 | German Catering and Foodstuffs Exhibition |
| Nov. 1-6 | Intl. Hydraulics and Pneumatics Exhibition |
| Nov. 3-10 | Mechanical-Handling Equipment Exhibition |
| Nov. 3-14 | International Motor Show |
| Nov. 4-10 | International Hotel and Catering Equipment Exhn. |
| Nov. 7-15 | International Caravan Show |
| Nov. 9-13 | International Maritime Exhibition |
| Nov. 13-18 | International Hotel & Restaurant Fair |
| Nov. 15-20 | International Food Exhibition |

BUSINESS AND MANAGEMENT CONFERENCE

| | |
|------------|---|
| Oct. 19-20 | Financial Times Ministry of Works, Power and Water, Bahrain, Gulf Air, World Construction—Prospects in the Arab Countries |
| Oct. 20 | PRCA Conference: Communications in Industry |
| Oct. 21 | Interface: Man, Finance for lay Execs |
| Oct. 25-26 | Design Eng.: Designing for World Markets |
| Oct. 25-27 | Asset, Bus. Proj.: Property Taxation |
| Oct. 25-29 | MCE: Labour Relations in Europe |
| Oct. 26-27 | Roffey Park: Managing Industrial Relations |
| Oct. 26-28 | ORC (U.K.): Paying People Abroad |
| Oct. 27-30 | Strategic Management: Integrated Marketing |
| Oct. 28 | ABP: Employees' Remuneration and Benefits |
| Oct. 28-29 | WTI: New Approach to Exporting |
| Oct. 28-29 | MSS: Computers in Manufacturing |
| Oct. 29 | Cyber: Risk Man. in Offshore Oil & Gas Recovery |
| Oct. 29 | LCCI: Building and Materials in the Gulf |
| Oct. 29 | Management Studies: CIT and Private Businesses |
| Oct. 29 | Imp. Coll.: Computers Behind the Screen |
| Oct. 29-31 | C. K. Tutorials: International Banking Seminar |
| Nov. 1-2 | Farmers' Weekly: U.K. Dairy Ind. Conference |
| Nov. 2 | BAS: U.K. Constr. in Saudi Arabia |
| Nov. 2-3 | Financial Times: European Banking |
| Nov. 3-5 | Physical Distribution: Man. Centre—Nat. Conf. |
| Nov. 4 | Frank Jenkins: Effective Publicity Writing |
| Nov. 4 | Brunei University: Organisational Stress |
| Nov. 4 | Inst. of Work Study: Ports and Shipping |
| Nov. 8-26 | New Law Journal: Tax after Finance Act 1976 |
| Nov. 9-11 | Strathele Univ.: Senior Management Course |
| Nov. 10-11 | Financial Times: Investors Chronicle |
| Nov. 11 | World Insurance |
| Nov. 16-18 | Institute of Directors Annual Convention |
| Nov. 17-18 | Financial Times: Glut, The Oil Daily: Latin American Oil |
| Nov. 17-18 | Henley Centre: U.K. Economy Outlook for 1977 |
| Nov. 17-18 | Offshore Centre: Trading with the Oil World |
| Nov. 17-18 | ESC: Takeovers, Acquisitions and Mergers |
| Nov. 19 | Notteut Inv.: An Int. Approach to Investment |

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM 01-815 2161
ENGLISH NATIONAL 01-815 2161
Tutu & 7.30 Last perf. this
week. *La Bohème* (S. S. S.)
Rebilac & Pagliacci (Tutu & S. S.)
Don Giovanni

COVENT GARDEN 240 1056
(Gardiner-Wilson) *Die Fledermaus* (S. S. S.)
Tutu & 7.30 Wed. & Fri. 7.30
Sunday 2.30

THE ROYAL OPERA
Thurs. 11.30 Macbeth 6.5. Amphy-
on's or all perf. on sale from 10 a.m.

BALLET'S WED. 11.30 Rochester Ave.
ECT 11.30 Wed. Sat. 8.30

Last perf. 2.30

THE ROYAL BALLETS

Tutu & 7.30 Mon. 6.5. Amphy-

on's or all perf. on sale from 10 a.m.

ROYAL BALLETS

1.30 & 7.30 Mon. 6.5. Amphy-

on's or all perf. on sale from 10 a.m.

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THE ROYAL OPERA

LABOUR NEWS

Chrysler to recruit 700 at Linwood

OUR LABOUR STAFF

700 men are to be recruited at Chrysler's Linwood plant by January 10. Production of cars continues its build-up to launching the new 220 next spring.

At the top of 300 jobs filled in the past few weeks will bring Linwood back to its level of employment with a total of 7,200.

Reason for the recruitment is the introduction of three-year overtime working for the painters.

It has been caused by a big demand for the Lincoln Avenger, launched in August.

Production of this continued Hunter range reached the single-shift mark at Linwood on October 15, a week or before Christmas.

Most sections have been lifted pending discussions with management, but there is still a ban on overtime.

"Without overtime, by the painters it is impossible to clear the build-up of cars. Lay-offs or short-time working are the only alternatives," Mr. Holloway said.

The paint shop stewards are scheduled to meet to-day to discuss the progress of their campaign.

It of Hunter kits for production of the derivative have also been increasing faster than

item will be spread evenly over the plant's main sections—panel shop, tool and engine shop, foundry and final assembly line.

Skilled workers

ill to reverse the drift

skilled workers

OUR LABOUR CORRESPONDENT

DIFFERENTIALS in the Coventry area for £3,000 per year posts.

Skilled men are leaving the industry because of insensitivity of pay differentials, lack of status, poor working conditions and an unsatisfactory industrial relations climate," he concludes.

Among his suggestions for alleviating the shortage of skilled workers are a re-examination of the status of skilled men, an investigation of the causes of low apprenticeship intake, new policies to reverse the anti-industry bias of the education system and improving the image of the engineering industry.

This could be done, he says, by recognising "that the foreman, the draughtsman and the toolmaker are making a greater contribution to our economic well-being than many more modish and prestigious employees."

Shortages of Skilled Labour in the U.K. with particular reference to the Engineering Industry. £3.50.

Concorde training halted

By Our Labour Correspondent

DISPUTE over senior pilots' demands for company cars has halted all training of future Concorde crews and could jeopardise British Airways' plans to launch supersonic services next year to New York and Melbourne.

At the centre of the row are instructors who operate the Concorde simulator at Filton, Bristol, which has been idle for the past six weeks because of the dispute.

Instead of the existing mileage allowance for using their own cars, they want British Airways to provide them with cars. British Airways is resisting the demand, which appears to be in breach of the Government's pay policy, although talks are continuing with the British Airline Pilots' Association.

The dispute can only exacerbate a shortage of Concorde crews caused by an unexpectedly high failure rate among trainees.

Several hundred engineers in the European division who have been on strike for the past four weeks at Heathrow are to resume normal working to-day. A meeting voted 89 to 77 to accept the union recommendation to return to work.

They had demanded to be upgraded to supervisory wage levels—an increase of more than £15 a week—on the grounds that they were being forced to do supervisory work. But, according to Mr. Terry Law, area official of the Electrical and Plumbing Trades Union, they had been advised to return because of the economic climate and the Government's pay policy.

"In the kind of economic crisis likely to confront us we shall have to take firm measures to rescue the pound, halt inflation and save the workers' jobs," he said.

If there were political strikes to thwart the Government's actions it would have to stand firm in the people's interest, he added.

However, Mr. Roy Hattersley, Prices Secretary, claimed that a Tory administration led by Mrs. Thatcher would make co-operation impossible.

He said: "The prospects for conflict between trade unions and Tory Governments do not stem from the unions' unwillingness to accept the decision of the General Election. They are the direct result of Conservative policies which are intended to provoke and penalise the trade unions."

Mr. Michael Foot, Lord President of the Council, accused Lord Hallisham of producing proposals which would tip the British constitution into the English Channel.

"He proposes that the final

£100,000 to aid Welsh railway

THE Manpower Services Commission's job creation scheme has made one of its largest grants, nearly £100,000, to help extend the Festiniog narrow gauge railway in Gwynedd.

The grant—for £98,461—will provide 42 extra jobs spread over 1,397 man-weeks and will help pay for restoration of the narrow gauge line between Porthmadog and Blaenau Ffestiniog.

Hospital merger

THE Hospital Consultants' and Specialists' Association and the Junior Hospital Doctors' Association merged over the weekend to form the British Hospital Doctors' Federation. The new body aims to challenge the traditional sole bargaining role of the British Medical Association.

Mr. Michael Foot, Lord President of the Council, accused Lord Hallisham of producing proposals which would tip the British constitution into the English Channel.

"He proposes that the final

word about what might be done in this country, particularly at times of economic crisis, should be taken from the Cabinet and the Commons and handed over to lawyers and judges who would be given power to interpret an immutable Bill of Rights."

Mr. John Pardoe, Liberal spokesman on economic affairs, said Britain faced disaster unless a coalition Government were formed soon. He warned of a 1% pound within three years, 25% unemployed in the next recession, inflation at 30-40 per cent within two years and the prospect of an underdeveloped nation in the 1980s.

Mr. Harold Macmillan is expected to call for national unity when he takes part in a rare television interview on the BBC's "Tonight" Special programme on Wednesday. Whether he will go so far as to call for a coalition Government remains in doubt.

Mr. Enoch Powell accused Britain's foreign service at the weekend of a "near treasonable" determination to keep Britain firmly and irretrievably in the EEC. He said the battle over membership would continue for many years—it was the central political issue to which all political roads led back.

Mr. Kenneth Anderson (Director)

of James Capel & Co. said:

"We plan our programme to suit you. Convenient. Punctual.

AUSTRIAN AIRLINES

London: 01-439 0741 Manchester: 061-832 2967

EX'S FINANCIAL DIARY

Linwood is a record of the principal business and financial events during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are available whether dividends concerned are interim or final. The sub-dividends shown below are based mainly on last nettable.

TO-DAY MEETINGS: TUESDAY: 12.30am, City Properties, Winchester House, E.C. 12.30pm, Savoy Hotel, W.C. 2.12pm, National Trust, 19.30pm, National Trust, Buckhurst, 12.15pm, Education, Birmingham, 12.15pm, Education, Birmingham, 12.15pm.

WEDNESDAY: 10.30am, City Properties, Winchester House, E.C. 12.30pm, Savoy Hotel, W.C. 2.12pm, National Trust, 19.30pm, National Trust, Buckhurst, 12.15pm, Education, Birmingham, 12.15pm.

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COMPANY NEWS

Galliford Brindley set for good year

THE CURRENT year for Galliford Brindley is going to be at least as difficult as 1975-76, says the chairman, Mr. P. Galliford, but he is confident that another successful year lies ahead.

During the past year, considerable time and money have been spent seeking opportunities to utilise the skills and resources of the group, both at home and overseas, to counter the continuing reduction in demand in the U.K. for construction work, says the chairman.

The strong financial position has enabled the group to have the time to move cautiously and, hopefully, avoid high risk situations. Next year should see some results for the efforts.

For the year to June 30, 1976, pre-tax profit of £1,572,832 is an increase of 26.7 per cent over the previous year, from turnover 40.7 per cent higher at £30.76m.

The directors continued plant and equipment replacement programmes and since the end of the year have taken a 90 per cent interest in Status Mobile (G.B.), a small company manufacturing mobile and flat pack buildings for office, living and amenity uses, for the home and export markets.

The purchase of Stamford Construction forms a strategic part in the policy of further geographic coverage within the U.K., says the chairman.

In building and development, Wincoft Galliford had another good year.

Private housing had a very dull year, but the prospects in the current year look better. Property development activities were negligible, but the current year should see some more developments proceeding.

Civil engineers Kottler and Heron and Galliford and Sons had a very good year from a profit point of view, but the immediate future is undoubtedly going to be difficult in the U.K.

Galliford Roadstone achieved excellent results and is now recognised as a major supplier in the Midlands of foundation materials for all types of contracts. Heating and ventilating produced better than expected results and are able to look to the future with a reasonable degree of confidence, while electrical maintenance and motor rewind had a sound year. The mastic asphalt company had most unsatisfactory trading and substantial reserves have had to be taken against current activities. Appropriate management action has been taken, the chairman states.

HIGHLIGHTS

The week-end post bag is again very thin but the list of company news expected this week promises more action. The retail sector is well represented with interim figures due to day from Mothercare while to-morrow is the turn of the UDS Group. On Wednesday Marks and Spencer and British Home Stores are producing half-time statements. Also on Tuesday, Furness Withy, currently under the watchful eye of the Monopolies Commission, and Hawker Siddeley are announcing six-monthly figures while on Friday the interim results of Ever Ready are scheduled.

The present position in engineering is much better with a return to reasonable profitability in the current year anticipated.

Mr. Galliford, says Chorley Rentair, specialising in hiring out compressed air equipment, made good progress and is involved in a number of major North Sea developments, as well as continuing to expand into general industry. Further growth of this company is confidently expected.

Construction plant hire business was better than anticipated, but this situation is unlikely to continue in the current year. Nevertheless, the chairman envisages that the plant hire activities as a whole will make progress.

Meeting, Coventry, Nov. 10, at 12.30 p.m.

Midway loss at Patent Industrial

WITH TURNOVER down from £547,000 to £746,000, loss of Patent Industrial Group, West Midlands based general engineers, was £125,000 in the six months to June 30, 1976, compared with a £63,000 deficit in the same period last year. Again there is no tax charge.

The figures reflect the difficult trading conditions reported at the annual meeting, but the improving trend in orders has been maintained, the directors state.

In 1975, a pre-tax loss of £25,558 was incurred. No dividends have been paid since 1971.

Turnover 1976 £547,000 1975 £746,000
Turnover loss 125 63
Interest 43 31
Exceptional debits 11 17
Less 63 63
Profit 0 0

FII in strong position

IN HIS annual report, the chairman of Footwear Industry Investments, Mr. M. Sunray says the group is healthy, has strength in the spread of its activities in the footwear industry and liquidity is very good.

For the first three months this year, invoiced sales of the main business were ahead of the corresponding period last year, but the distributing companies fell behind. In total however, the group is running almost level, but directors expect to achieve an increase for the whole year.

As part of the expansion programme, the directors continue to seek suitable acquisitions to expand the business. "It is at the very least to maintain our level of sales with our largest customer, Marks and Spencer, and with our multiple and independent retail customers," the chairman says.

There was an upturn at NS Footwear, the subsidiary in Glamorgan, and greater participation in the group's prosperity is hoped for from that source in the future.

As previously reported, sales for the year ended May 31, 1976, were £5,029,580 (£7,675,000) and profit before tax was £722,008, compared with £630,787.

Mr. Lance explains that dearer essential supplies and substantial estate wages are partly responsible for the downturn, but by far the largest contributory factor was the weather which affected all the group's properties—especially Meenglas—and led to a 15 per cent overall fall in turnover. The results would have been even worse but for a pronounced buoyancy in Indian demand.

Approval for Unicorp scheme

Meetings of members of Union Corporation, UC Investments, Geduld Investments and Sappi have approved resolutions to implement the proposal to restructure the Unicorp Group.

The scheme will become operative on October 22.

In consideration for the cancellation of their Geduld shares, scheme members will be entitled to receive one Unicorp share for every share held in Geduld at the close of business on October 22, together with a special further interim dividend of 2.5 cents per share to be

declared on October 22 for payment on or about November 12.

Listings of Geduld on the Johannesburg Stock Exchange and the London Stock Exchange will terminate at the close of business on October 22.

Unicorp shares issued in relation to the scheme will be listed as from October 25, 1976, on the Johannesburg and London Stock Exchanges.

Optimism at Western Dooars

Prospects for Western Dooars Tea Holdings for 1976 are moderately encouraging. The outturn to the end of August was well ahead of the poor 1975 figure although it had not yet reached the exceptionally good level of 1974, reports Mr. N. C. Lance, chairman.

The group's average price for disposals in India is showing a useful advance on the 1975 equivalent. In London the 1976 auctions for offerings have opened to keen buying competition.

Referring to the 1975 results the chairman says that the interim report warned that margins had undergone a marked reduction and in the event the group's pre-tax profit for the year was nearly halved to £622,008, compared with £860,787.

Mr. Lance explains that dearer essential supplies and substantial estate wages are partly responsible for the downturn, but by far the largest contributory factor was the weather which affected all the group's properties—especially Meenglas—and led to a 15 per cent overall fall in turnover. The results would have been even worse but for a pronounced buoyancy in Indian demand.

Chambers and Fargus aims to boost sales

Referring to the underutilisation of the loss-making soya plant, Mr. G. H. Elliott, chairman of Chamber and Fargus, the seed crushing, oil refining and soya protein group, says that the task for the coming year is to expand and broaden food protein sales and secure a better margin on the group's high protein soya.

He feels that this will not be achieved quickly but the aim is to ensure that the plant at least covers its direct operating costs this year and subsequently moves into profit.

The current year has started well for crushing and oil refining and although the extraction plant is not yet operating at the capacity required, its position will improve in the near future when new grinding equipment is installed, allowing the group to market flour as well as flakes. The chairman says that there is more interest evident in the high protein animal feed and the group will be able to make full use of the soya plant's capacity on this side.

As reported the group incurred a loss of £40,500 in the year ended June 26, 1976, compared with a profit of £20,318. There is no dividend compared with 40p.

During the year there was a net decrease of £14,412 (£18,237 increase) in liquid funds.

Meeting, Hull, November 5, at noon.

WIGHAM POLAND IN GREECE

Wigham Poland Group formed a new insurance broking company in Greece, under the name of Wigham Poland Hellas.

It has been formed to give on-the-spot service to clients as well as offering a complete insurance service to the Greek community.

There have been close links with the Greek shipping industry for over a century through Wigham-Richardson and Co., the group's broking division, as well as direct contacts through Wigham Poland Marine, London.

GRINDLAYS IN DUESSELDORF

Grindlays Bank Group has established a representative office in Dusseldorf at Koenigsallee 28 (Tel: 22 84 82. Telex: 588156 GRIN DL).

those with substantial overseas interests.

INVESTMENT TRUST COMPANY SHARES

There have been suggestions, on account of their discounts, that investment trust companies should either liquidate or convert into unit trusts, but I do not think such drastic action is called for.

With their ability to adopt a flexible investment policy, to diversify both geographically and industrially, and to employ a measure of gearing, investment trust companies should continue to be a satisfactory medium of investment both for the individual and institutional investor.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Monday, 8th November 1976 at 2.30 pm at 175 West George Street,

Glasgow G2 2LD.

FORWARD TRUST LIMITED—BANKERS

DEPOSIT RATES

Depositors are advised that with effect from the 20th October, 1976, the following rates of interest will apply:

NOTICE OF WITHDRAWAL (DEPOSITS OF £1-£25,000)

7 days 10½%

1 month 12%

3 months 12½%

6 months 12½%

12 months 12½%

*Applies to existing deposits only. New deposits at seven days' notice are not accepted.

MANAGED BY MURRAY JOHNSTONE LIMITED.

FORWARD TRUST LIMITED—BANKERS

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Forward Trust

For further information apply to: Forward Trust Limited. Deposits Department, P.O. Box 362, 12 Calthorpe Road, Birmingham B15 1QZ. Tel: 021-454 6141. Forward Trust is a subsidiary of Midland Bank Ltd

The Financial Times, Monday, October 18, 1976

Bejam well placed for further growth

IN THE first part of the current trading period at Bejam, sales of food and freezers have been satisfactory, reports Mr. J. D. Aphorpe, chairman.

The company is now firmly established in the High Street and he believes it has the resources to take advantage of the opportunities for expansion. He shows below an extract from his annual report for 1975.

As known, pre-tax profit for the 53 weeks ended July 3, 1976, expanded from £1.61m. to £2.64m. Net assets increased from £4.34m. to £8.9m. and Mr. J. D. Aphorpe believes that the balance sheet, now much stronger than a year ago, forms a strong base on which to build future expansion.

During the year end, the 50 per cent holding in Lage Landen Voedselmaatschappij BV has been disposed of—it is anticipated that the proceeds of £31,000 in the period to July 3, 1976, together with provisions made in the previous year, are sufficient to cover trading losses arising on the sale of Lage Landen.

During 1975-76, a further 25 branches were opened. At year end, the company operated 118 freezer centres and he anticipates a further 12 opening before Christmas. Also in the current period the company will extend its trading to Yorkshire and South Wales.

Meeting, Winchester House, EC, November 10, noon.

London Shop shows little change

THE CURRENT year of manufacturing manufacturers, F. (Leyton) has started well, turnover and orders are encouraging.

Chairman, Mr. Frank (Leyton) says that a new division, London Shop Property Trust for the year to April 30, 1976, totalled £0.5m. compared with £0.31m.

Profit was struck after interest of £0.15m. (£0.05m.). Tax takes £248,453 (£267,485).

From earnings up from 1.8p to 1.9p per 25p share the dividend total is held at 2.9548p with a final payment of 2.0798p net.

YORKGREEN RESIGNATIONS

Three directors of Yorkgreen Investment Trust, who joined the Board only in July when the Italian International Bank bought a 20.8 stake in the company previously held by the failed

Meeting, Argall Avenue, EC, November 10, at noon.

WESTERN DOOARS TEA HOLDINGS LIMITED

The following are extracts from the circulated statement by Mr. N. C. LANCE, F.C.A., the Chairman:

Results

The interim report of last March warned that margins had undergone a marked reduction and in the event the group's pre-tax profit had nearly halved amounting to £622,000 compared with the 1974 figure of £2,030,787. For this downturn, dearer essential supplies and substantial increases in estate wages are partly responsible—but by far the largest contributory factor was adverse weather which affected all the group's properties—especially Meenglas—and led to a 15 per cent overall drop in crop. Results would have been still more disappointing but for a pronounced buoyancy in Indian demand.

The after tax profit works out at £182,186 compared with £339,326 and your board recommend that ordinary share capital be increased to 4.64p, the maximum permissible without seeking special Treasury consent.

PROSPECTS

For 1976 prospects are moderately encouraging. Outturn is up to end August was well ahead of the poor 1975 figure although it had not yet reached the exceptionally good level achieved in 1974.

The group's average price for disposals in India is showing a useful advance on the 1975 equivalent. In London the 1976 auctions for North East Indian offerings have opened at 1.51p, 1.52p, 1.53p, 1.54p, 1.55p, 1.56p, 1.57p, 1.58p, 1.59p, 1.60p, 1.61p, 1.62p, 1.63p, 1.64p, 1.65p, 1.66p, 1.67p, 1.68p, 1.69p, 1.70p, 1.71p, 1.72p, 1.73p, 1.74p, 1.75p, 1.76p, 1.77p, 1.78p, 1.79p, 1.80p, 1.81p, 1.82p, 1.83p, 1.84p, 1.85p, 1.86p, 1.87p, 1.88p, 1.89p, 1.90p, 1.91p, 1.92p, 1.93p, 1.94p, 1.95p, 1.96p, 1.97p, 1.98p, 1.99p, 1.00p, 1.01p, 1.02p, 1.03p, 1.04p, 1.05p, 1.06p, 1.07p, 1.08p, 1.09p, 1.10p, 1.11p, 1.12p, 1.13p, 1.14p, 1.15p, 1.16p, 1.17p, 1.18p, 1.19p, 1.20p, 1.21p, 1.22p, 1.23p, 1.24p, 1.25p, 1.26p

AUTHORISED UNIT TRUSTS

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INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

W. BERRY TEMPLETON
LTDProperty Consultants
to Commerce and Industry

47 Great Russell Street London WC1B 3PA 01-637 4577

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due Stock Price Last Div. Yield Ctr. Gds. Paid Stock

"Shorts" (Lives up to Five Years)

141 141/2 Treasury 10c 1972-74 95 1/2 10/10/57 14/16

142 141/2 Treasury 10c 1972-74 95 1/2 10/10/58 14/16

143 141/2 Treasury 10c 1972-74 95 1/2 10/10/59 14/16

144 141/2 Treasury 10c 1972-74 95 1/2 10/10/60 14/16

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147 141/2 Treasury 10c 1972-74 95 1/2 10/10/63 14/16

148 141/2 Treasury 10c 1972-74 95 1/2 10/10/64 14/16

149 141/2 Treasury 10c 1972-74 95 1/2 10/10/65 14/16

150 141/2 Treasury 10c 1972-74 95 1/2 10/10/66 14/16

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152 20D Transport 72-77 93 1/2 11/10/68 14/16

153 15N Treasury 10c 1972-74 93 1/2 11/10/69 14/16

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245 15N Treasury 10c 1972-74 93 1/2 11/10/61 14/16

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INSURANCE

1

| Stock | Price | Last | Div | Yld | Chg | Gr. | P. |
|--------------------------|-------|-------|--------|------|------|-----|----|
| pt. Evans Leeds | 50 | 25.6 | 2.11 | 2.1 | 6.5 | 11 | |
| pt. Govt. Nat. Ins. | 50 | 25.6 | — | — | — | — | |
| Fraternal Ed. Sp. | 14 | 7.75 | — | — | — | — | |
| pt. Gilgate 10p | 7 | 11.75 | — | — | — | — | |
| pt. Glassfield Scrs. | 90 | 8.3 | 8.0 | 6 | 14.3 | 4 | |
| pt. Govt Portland 10p | 154 | 12.7 | 3.55 | 1.8 | 3.5 | 22 | |
| pt. Green (R. B.) 10p | 14 | 8.3 | 6.13 | 34 | 1.4 | 3.3 | 24 |
| pt. Greenacres 10p | 6 | 11.2 | 0.13 | 1.4 | 3.3 | 24 | |
| pt. Hammersom 10p | 220 | 19.5 | 4.52 | 1.6 | 3.2 | 24 | |
| pt. Harley Ind. 10p | 27 | 18.75 | 1.3 | — | 7.3 | — | |
| pt. Haskett 10p | 124 | 26.7 | 6.26 | 4.0 | 3.3 | 24 | |
| pt. HK Land Mkt. 10p | 114 | 26.5 | 0.2929 | 1.1 | 3.2 | 28 | |
| pt. Hwy Properties 10p | 102 | 11.1 | 1.21 | 1.4 | — | — | |
| pt. Interchange 10p | 39 | 23.2 | 2.15 | 6.8 | 8.7 | 21 | |
| pt. Inv. & Pr. Hldgs. | 94 | 18.74 | — | — | — | — | |
| pt. Jerome Invest. | 18 | 87.5 | 1.54 | 6.4 | 14.4 | 22 | |
| pt. Keith & Hend. 50p | 82 | 31.1 | 40.89 | 1.7 | 14.2 | 22 | |
| pt. Land Hse. 50p | 51 | 25.6 | 3.75 | 1.1 | 11.3 | 12 | |
| pt. Land Invest. | 65 | 29.9 | 1.8 | 6.4 | 14.2 | 22 | |
| pt. Land Seru. 30p | 103 | 28.4 | 4.32 | 1.4 | 6.5 | 17 | |
| pt. Do 5% Cpn. 83 | 180 | 20.9 | Q5.74 | 1.2 | 3.7 | 4 | |
| pt. Do 6% Cpn. 85 | 1573 | 20.9 | Q6.4 | 3.2 | 18.6 | 1 | |
| pt. Do 10% Cpn. 95 | 281 | 6.9 | Q10.1% | 3.2 | 12.4 | 1 | |
| pt. Lay Land 20p | 311-2 | 41.0 | 6.2 | 0.8 | 11.3 | 21 | |
| pt. Land Lease 50c | 267 | 11.2 | Q25% | 6 | 2.7 | 4 | |
| pt. La City West 10p | 14 | 23.2 | 0.05 | — | 0.6 | — | |
| pt. Lee Prod. Shop 10p | 37 | 17.5 | 10.66 | — | 2.8 | — | |
| pt. Len. Shop Prop. | 51 | 8.3 | 2.95 | 4 | 15.7 | — | |
| pt. Linton Hsgs. 20p | 53 | 26.7 | 2.06 | 2.1 | 6.0 | 12 | |
| pt. M.E.P.C. | 38 | 12.94 | — | — | — | — | |
| pt. Marke Estates | 9 | 7.48 | — | — | — | — | |
| pt. McInerney 10p | 14 | 19.6 | — | — | — | — | |
| pt. McRae Secs. 20p | 58 | 23.6 | 1.4 | 6 | 3.7 | 4 | |
| pt. McWhirter 10p | 12 | 17.4 | 30.42 | — | — | — | |
| pt. Mountview 10p | 221 | 28.1 | 1.09 | 6.4 | 7.0 | 3 | |
| pt. Mucklow (A. & J.) | 140 | 1.6 | 15.49 | 2.0 | 7.0 | 11 | |
| pt. Nolton | 39 | 23.8 | 12.0 | 6 | 9.4 | 7.4 | |
| pt. Pearson | 36 | 21.8 | 12.19 | 3.9 | 9.4 | 7.4 | |
| July Prop. Hdg. & Inv. | 155 | 28.6 | 5.32 | 0.9 | 5.3 | 31 | |
| pt. Prop. Inv. & Fin. 51 | 36 | 11.73 | 21.0 | 4.0 | 4.4 | 37 | |
| pt. Prop. Partn. 50p | 28 | 11.1 | 1.43 | 1.9 | 7.9 | 10 | |
| pt. Prop. Rev. Inv. 50p | 122 | 28.4 | 4.2 | 1.3 | 5.3 | 20 | |
| pt. Prop. See. Inv. 50p | 32 | 9.8 | 1.68 | — | 8.1 | — | |
| pt. Raglan Prop. Sp. | 2 | 37.4 | — | — | — | — | |
| pt. Regional Prop. | 27 | 21.8 | 0.32 | — | 1.8 | — | |
| pt. Do 'A' | 25 | 23.8 | 0.32 | — | 2.0 | — | |
| pt. Rush & Tomkins | 17 | 17.5 | 2.34 | 2.5 | 15.0 | 4 | |
| pt. Samuel Progs. | 183 | 12.7 | 7.4 | — | — | — | |
| pt. Scott. Metro. 20p | 25 | 12.7 | 1.74 | 6 | 4.4 | 6 | |
| pt. Second City 10p | 21 | 20.9 | 1.14 | 6 | 8.1 | — | |
| pt. Shire Estates | 54 | 6.9 | 6.03 | 1.9 | 5.6 | 13 | |
| pt. Do 10% Cpn. 90 | 190 | 3.5 | Q10.0% | 11.0 | 10.0 | 10 | |
| pt. Sorel El. | 90 | 9.0 | 107.7% | 2.2 | 6.5 | — | |
| pt. Stock Coopers | 196 | 12.7 | 1.62 | 4.0 | 9.5 | 41 | |
| pt. Sunray 10p | 76 | 23.8 | 2.53 | 1.3 | 16.2 | — | |
| pt. Town Centres | 161 | 12.0 | 0.66 | 0.5 | 6.2 | — | |
| pt. Town & City 10p | 51 | 6.9 | 0.01 | — | — | — | |
| pt. Trafford Park | 35m | 4.0 | 3.25 | 4 | 14.3 | 4 | |
| pt. U.K. Property | 8 | 6.78 | — | — | — | — | |
| pt. Uttd. Real Prop. | 132 | 8.2 | 2.87 | 1.8 | 3.4 | 25 | |
| pt. Warlord Inv. 20p | 132 | 9.8 | 4.36 | 1.6 | 5.1 | 18 | |
| pt. Webb Jos. 50p | 151 | 9.8 | 0.86 | 4 | 8.6 | 9 | |
| pt. Wimaster P. 20p | 8 | 37.5 | — | — | — | — | |
| pt. Winston Eds. | 16 | 20.9 | 1.04 | 1.7 | 10.0 | 8 | |

• 100

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MINES—Continued

FAR WEST RAND

TRUSTS, FINANCE, LAND

| Investment Trusts | | | | |
|--------------------|----|------|-----|--------------|
| Aberdeen Inv. ... | 34 | 17.5 | 1.8 | 1.1 6.1 17.1 |
| Aberdeen Trust ... | 81 | 3.5 | 3.5 | — 6.6 20.4 |

May Nov. [Brachia R1] 82

— East Dacca R1 12
— Govind. Areas 5c. 140#
Aug. Feb. Gootylo 20c 72

| | | | | | |
|------|------|-------------------|-----|------|-----|
| May | Nov. | Kinross Rd | 165 | 20.9 | Q32 |
| May | Nov. | Lealie 70c | 35 | 5.8 | Q9 |
| Aug. | Feb. | Marievale Rd 50 | 72 | 20.6 | Q44 |
| Aug. | Feb. | S. African Ld 55c | 465 | 20.6 | Q30 |

ross. 7 Figures assumed. 11 No significant
Tax payable. 2 Dividend total to date.

is: \square ex dividend; \times ex scrip issue; \circ ex rights; \triangle ex capital distribution.

Issues" and "Rights" Page 31

HOME NEWS

Tanker 'scrap and build' plan to aid shipyards

BY JOHN WYLES, SHIPPING CORRESPONDENT

A SCHEME aimed at encouraging shipowners to scrap oil tankers over 15 years old, then make replacement orders with hard-pressed shipyards, is to be presented to the member Governments of the Organisation for Economic Co-operation and Development.

The proposal has emerged from the International Maritime Industry Forum (IMIF) whose third meeting of the year was attended in London yesterday by 50 representatives of shipowners, shipbuilders, banks and oil companies.

Set up at the beginning of the year to promote action to deal with the critical tanker surplus, support for a "scrap and build" policy reflects a changing preoccupation within the IMIF.

The organisation is now almost as concerned with steering governments away from measures to defend their shipbuilding industries which could harm prospects of a recovery in the shipping industry.

Sir James Durnell, IMIF chairman and a former Permanent Under-Secretary at the Ministry of Defence, stressed

after yesterday's discussions that governments "must be forced which are the most aged—those to take into consideration the up to 100,000 d.w. tons—are wider consequences of their actions."

The IMIF has tried to hammer home in a previous paper to the OECD the dangers of governments encouraging shipyards to build unwanted ships.

Its "scrap and build" proposal, produced by one of four working parties studying aspects

More Home News
Page 29

of the tanker crisis, would probably offer more relief to the world shipbuilding problem than to the tanker crisis.

PEARSE

This is because a "scrap-and-build" policy is unlikely to erode much of the surplus, since by definition shipowners receive a financial inducement to scrap their older ships.

One drawback is that governments might have to offer substantial cash inducements

which was as gloomy yesterday as last autumn, and did not fore-see a recovery before 1982.

Britain should earn £2bn. from foreigners, says tourism chief

BY JOE RENNISON

BRITAIN should earn £2bn. visitors last year, who spent has been cut by an equivalent of £100,000. These figures are increases of 12 per cent on the previous 12 months and totalled 13 per cent of invisible exports and 4 per cent of all exports.

Earnings from overseas visitors were the equivalent of an income of £4m. in foreign exchange.

Special case

There is no room for complacency, the report says. International competition is growing fiercer and Britain must work harder to retain and increase its share of the world tourism market. This is despite the fact that the Government will not increase resources available to the authority to promote the industry.

Encouraged by the declining pound and better weather in the value of sterling, spending power for overseas ventures

Each Government agency must play its part, not sit back hopelessly but seek out new sources of resources and means of operation.

Sir Alexander said he felt that the authority should be a special case over public spending cuts because of money it attracted.

Sir Alexander estimated that there will be about 10m. visitors to Britain in 1976 and they will spend £1.5bn. "If we include fares spent with British carriers, total earnings could be in the region of £2bn. In one word what has happened to British tourism is outstanding.

There have been more visitors from all over Europe, particularly from Norway, Sweden and Denmark. Largest percentage increase was from the Middle East with the number of visitors increasing more than a third.

Howe supports demands on inflation accounting

BY MICHAEL LAFFERTY

SIR GEOFFREY HOWE, Shadow Chancellor of the Exchequer, yesterday added his voice to the growing demands for the accountancy bodies to publish practical proposals on inflation accounting.

Cautioning the accountants against trying to find "the final perfect answer," Sir Geoffrey stressed the importance "of being willing to settle, sooner rather than later, for a reasonably practical method of dealing with the worst of the problem."

It would be all too easy for the best to turn out to be the enemy of the good, he declared.

Speaking on the relationship between the professions and the State at the English chartered accountants' annual conference in Harrogate, the Shadow Chancellor said that exclusive responsibility for the maintenance of standards was the hallmark of a true profession.

He welcomed the establishment of the Cross committee to investigate the regulatory procedures of the U.K. accountancy

Williams & Glyn's rate increased

By Michael Blanden

WILLIAMS and Glyn's, the smallest of the big five London clearing banks, yesterday announced an increase in its base lending rate from 13% to 14% per cent from to-day.

The rise brings the bank into line with Barclays Bank, and suggests there could be pressure on the other big banks to raise their lending rates.

Barclays raised its base rate by 2 per cent immediately after the Government increased the Bank of England's minimum lending rate from 13 to 13 per cent on October 1 as part of the package to bring money supply under control.

The other London clearing banks held their increases until 13 per cent with a 13% per cent base rate. They apparently hoped that the rise might short-lived.

Money market rates rose yesterday, with a shortage of funds in the market partly reflecting the amount of money which has moved into gilt-edged stocks.

If the market stays at its present level there is a strong likelihood that the other big banks, Lloyds, Midland and National Westminster, will be forced to move into line with Barclays.

Williams and Glyn's also announced that its rate on seven-day branch deposits is being raised by 1 per cent to 11 per cent, also the same as is being offered by Barclays.

Interest rate rise 'will stop economic recovery'

BY MICHAEL BLANDEN

THE rise in interest rates and strong emphasis on controlling money supply evident in official policy will bring economic recovery to a halt, W. Greenwell, stockbrokers, say to-day.

The firm suggests in its latest monetary bulletin that recent moves to bring money supply under control could mark a watershed in British economic policy. There would be an improvement in the position of sterling but unemployment would rise again and, in the longer term, the economic recovery would be aborted.

The bulletin points out that the increase of more than 8% per cent in money supply in the first half of current financial year leaves little room for further growth within the 12 per cent target laid down by the Government. Next year, it sug-

gests, the International Monetary Fund almost certainly will require the target for the increase of the money supply on the wider definition, M3 to be lower than 10 per cent a year.

Therefore, "the maximum permissible growth of M3 is less than 10 per cent a year."

With inflation rising again towards the 15 per cent level, this will require painful action to bring the economy back into control.

The bulletin adds that in this situation monetary factors would be working in favour of sterling. It repeats the Greenwell argument that movements in the external value of the pound reflect the domestic monetary situation, with an excess money supply tending to lead to flows abroad and a weakening of sterling.

To do this the manager would need substantial training—not in procedure and policies, but in principles, techniques and practices.

Labour efficiency could not be achieved solely through the determination of labour efficiency in retail stores: NEDO Books, 1, Steel House, 11, Tothill Street, London SW1V 9LJ. £1.15 postage paid.

The measurement of labour efficiency in retail stores: NEDO Books, 1, Steel House, 11, Tothill Street, London SW1V 9LJ. £1.15 postage paid.

Sales efficiency study

BY STUART ALEXANDER

GREATER emphasis on the financial summaries. The report highlights the difference between the two types of store. In the grocery business the emphasis is on labour utilisation—the proportion of paid hours which are gainfully used. In furniture the emphasis is on labour effectiveness—the extent to which the worked hours contribute to the organisation's objectives.

To do this the manager would need substantial training—not in procedure and policies, but in principles, techniques and practices.

The measurement of labour efficiency in retail stores: NEDO Books, 1, Steel House, 11, Tothill Street, London SW1V 9LJ. £1.15 postage paid.

'Ease speed limit' plea

ONE OF the motor industry's leading figures yesterday called on the Government to lift speed limits introduced three years ago during the oil crisis.

Mr. David Plastow, President of the Society of Motor Manufacturers and Traders and group managing director of Rolls-Royce Motors, said at an eve of motor show lunch at Cobham, Surrey: "It is time we started to judge the Government to recognise that fuel-saving speed limits are totally anachronistic. I have yet to see any worthwhile evidence which supports their objective."

Divisions of opinion over how long the crisis is likely to last emerged clearly yesterday.

The fact that the total tonnage of tankers laid up has fallen from 55m. d.w.t. at the start of the year to around 35m. d.w.t. this month has raised optimism among several independent owners.

However, BP representatives presented their latest thinking to date.

"Speed limits in Britain are much more restrictive than those in Europe. We will soon begin to be influenced by changes in the design and development of our cars. Brakes and handling will be affected if the restrictions are not lifted."

Plea for grant increase

A DEPUTATION from the North East Development Council will meet Mr. Alan Williams, Minister responsible for regional development, in London today to ask for its annual Government grant of £106,000 to be increased to £200,000. This would put it on an equal footing with development agencies in Scotland and Wales.



Nearly 40 years separate these two motor show exhibits from Rover: on the right, the company's new 3500 saloon; left, the Rover 14 exhibited at the first Earl's Court motor show in 1937. Rover is one of the few manufacturers to have been represented since that show. This year's is the last to be held in London; the next will be at Birmingham in two years' time.

It will be a sporty motor show

BY TERRY DODSWORTH

NEW and revised British sports cars will be one of the main attractions of the Earl's Court motor show, due to be opened in London tomorrow by Mr. James Callaghan, Prime Minister.

For most among these will be new models from Bristol, Aston Martin and Panther. Blackpool-based TVR is to exhibit substantially revamped TVR coupes, and AC Cars is showing the latest prototype of its mid-engined AC 3000 coupe.

The new Aston Martin Lagonda, which has been the subject of much speculation, has emerged

as a super-luxury car incorporating an advanced electronically-controlled instrument panel with graphic and digital displays.

U.S. space technology has helped produce a speedometer with mph/kph changeover operated by a touch of the switch and an electronic display showing average speed and fuel consumption on a journey combined with a fuel consumption reading.

The 17-foot wedge-shaped car, powered by Aston Martin's V8 engine, and with a top speed of more than 140 mph, will cost £20,000.

Reliant, the Tamworth-based manufacturer, has announced an increase in production of the Scimitar GTE. 35 cars a week to 60 in an effort to boost exports. Coupled with this are changes which give the car more refinement and comfort and price increases which will push the car over the £5,000 mark to £5,194 for the GTE overdrive and £5,288 for the GTE automatic.

Panther will be showing a new Vauxhall-powered Lima sports model and Bristol is introducing its 603 saloon to replace the 411 series which was launched at the 1969 motor show.

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